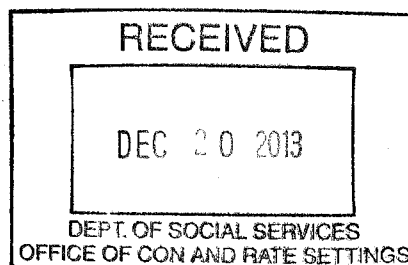


HEATHER OVERHOLSER BERCHEM
203.772.7728 DIRECT TELEPHONE
860.240.5728 DIRECT FACSIMILE
HBERCHEM@MURTHALAW.COM

December 20, 2013

VIA HAND DELIVERY

Richard Wysocki
Principal Cost Analyst
Department of Social Services
Office of CON and Rate Setting
25 Sigourney Street
Hartford, CT 06106



Re: LiveHome by Masonicare Disclosure Statement

Dear Rich:

Enclosed is the disclosure statement that we are filing pursuant to Conn. Gen. Stat. §176-521 for the CCRC at home Masonicare at Home d/b/a LiveHome by Masonicare. Should you have any questions or need further information, please do not hesitate to contact me.

Sincerely,



Heather Overholser Berchem

Enclosure

ACKNOWLEDGEMENT OF RECEIPT

LIVEHOME BY MASONICARE

DISCLOSURE STATEMENT

**PURSUANT TO CONNECTICUT STATUTE 17b-522, EFFECTIVE
JULY 1, 1998, THE FOLLOWING NOTICE MUST BE PROVIDED
BEFORE THE SIGNING OF A CONTINUING CARE AGREEMENT**

A Continuing Care Contract is a financial investment, and your investment may be at risk. Masonicare At Home, Inc. d/b/a LiveHome by Masonicare's ability to meet its contractual obligations under such contract depends on its financial performance. We advise you to consult an attorney or other professional experienced in matters relating to investment in continuing care facilities before you sign a Continuing Care Contract. The Department of Social Services does not guarantee the security of your investment.

**I acknowledge that I have read the above statement, the
Disclosure Statement and the Continuing Care Agreement.**

Signature

Date

LiveHome by Masonicare Signature

Date

**(TO BE DETACHED AND RETAINED BY
LIVEHOME BY MASONICARE)**

DISCLOSURE STATEMENT

LIVEHOME BY MASONICARE

**Sponsored by
Masonicare At Home, Inc.
An Affiliate of Masonicare Corporation**

December 13, 2013

REGISTRATION PURSUANT TO CHAPTER 319hh DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DEPARTMENT OF SOCIAL SERVICES OR THE STATE OF CONNECTICUT, NOR DOES SUCH REGISTRATION EVIDENCE THE ACCURACY OR COMPLETENESS OF THE INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT.

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Appendix: (Exhibits Updated as Required)

- Exhibit A Continuing Care Agreement
- Exhibit B Audited Financial Statements
- Exhibit C Pro Forma Income Statements
- Exhibit D Entrance Fees/Periodic Charges
- Exhibit E Payment Plans

I. NAME AND ADDRESS OF PROVIDER

MASONICARE AT HOME, INC. d/b/a
LIVEHOME BY MASONICARE
22 Masonic Avenue
Wallingford, CT 06492

Masonicare At Home, Inc. d/b/a LiveHome by Masonicare ("LiveHome") is a not-for-profit Connecticut corporation and a wholly owned affiliate of Masonicare Corporation, a 501(c)(3) corporation.

II. OFFICERS AND DIRECTORS

LIVEHOME BY MASONICARE'S BOARD OF DIRECTORS

The Board of Directors of LiveHome by Masonicare are:

- Janet S. Berry, Chairman
- Francine A. Bailey
- Susan Koty
- Howard W. Orr
- Stephen B. McPherson, President and CEO, Masonicare Corporation
- Jon-Paul Venoit, Senior Vice President, Residential and Community-Based Services
- R. Scott Thelen, Chief Financial Officer

III. BUSINESS EXPERIENCE

LiveHome is a wholly owned affiliate of Masonicare Corporation, a 501(c)(3) corporation. Masonicare has more than 110 years experience in providing health and health related services to elderly Masons, their wives and widows, female members of the Connecticut Order of the Eastern Star, Connecticut Order of Amaranth, Prince Hall Masons, and the community at large.

Masonicare operates campuses in the towns of Wallingford and Newtown, Connecticut that offer a continuum of care for seniors including independent living, assisted living, long term care, acute inpatient medical and acute inpatient psychiatric care, post acute

rehabilitation, and home health and hospice care. The Wallingford campus includes Masonicare Health Center, a 527 licensed bed facility and Masonicare at Ashlar Village, Inc., a 496 unit continuing care retirement community and assisted living residence. The Newtown campus includes Masonicare at Newtown, Inc., a 161 licensed skilled nursing care bed facility and a 55 unit assisted living residence.

IV. JUDICIAL PROCEEDINGS

Neither LiveHome, nor any of the officers or directors of LiveHome, has been subject to any criminal, civil, or licensure action described in Section 17b-522(b)(4) of the Connecticut General Statutes.

V. AFFILIATION

LiveHome, through Masonicare Corporation, serves the members of the Grand Lodge of Connecticut, A.F. & A.M., their wives and widows, female members of the Connecticut Order of the Eastern Star, Connecticut Order of Amaranth, Prince Hall Masons, and the general public.

Masonicare Corporation will be responsible for the financial and contractual obligations of the continuing care at home contracts executed by LiveHome, its wholly-owned affiliate.

Both Masonicare Corporation and LiveHome are not-for-profit entities exempt from the payment of income tax under Section 501(c)(3) of the Federal Internal Revenue Code.

VI. DESCRIPTION OF PROPERTY

LiveHome offers continuing care services at home. Its offices are located at 22 Masonic Avenue in Wallingford, Connecticut. Through LiveHome's affiliation with Masonicare Corporation, LiveHome members will have access to some of the offices, common areas and amenities of Masonicare at the Wallingford campus. The Masonicare

campus in Wallingford consists of 169 acres of rolling farmland in Wallingford, Connecticut. The independent and assisted living communities and nursing home facilities at the Wallingford campus are available to LiveHome members. The specific facilities and services available to members of LiveHome are described below and in the LiveHome Continuing Care Agreement attached as Exhibit A.

VII. DESCRIPTION OF SERVICES

LiveHome offers a comprehensive and flexible array of services designed to address the health, social, recreational and spiritual needs of members while maintaining the highest level of functioning, independence and quality of life. Members will have access to Masonicare's continuum of services and may receive discounts, based upon their service plan, for additional home services, facility based services, disease management services and other services that are not included in the standard services package. These services are summarized below. All available services are described fully in the Continuing Care Agreement attached at Exhibit A.

Standard Services Package

- Unlimited access to the Care Line, a hotline for care issues and questions which is expected to be operational in the winter of 2013.
- Initial and annual assessments to identify risk and develop services/supports plan.
- Referrals for supportive services including home repairs and maintenance, housekeeping services, lawn care and rental of medical equipment.
- Access to a dedicated member extranet for program information, education, scheduling and vendor listings and dedicated LiveHome app for smartphones.
- Access to Masonicare at Ashlar Village's social, recreational and cultural programs.
- Five free nursing home, respite or assisted living days per calendar year at Masonicare Health Center, Masonicare at Newtown or any of Masonicare's assisted living communities.
- One dinner per week in the Waterside Dining Room at Masonicare at Ashlar Village.

- Priority access over the general public to the full Masonicare continuum of services.

Additional Home Based Services (available to add to Standard Services Package)

- In home care
 - * Skilled services including nurses, certified nursing assistants, social workers, registered physical therapists/licensed occupational therapists, hospice
 - * Personal care attendants
 - * Homemakers/companions
 - * Live-in attendants

Facility Based Services (available to add to Standard Services Package)

- Adult day program
- Independent living at Ashlar Village and the residential apartments
- Assisted living and memory support
- Nursing home care and respite stays
- Acute care hospital services

Disease Management Services (available to add to Standard Services Package)

- For those with COPD, Diabetes, or Heart Failure, assistance is available with managing these chronic diseases in accordance with Masonicare disease management protocols.

Other Services/Opportunities (available to add to Standard Services Package)

- Referral service to pre-screened vendors for lawn care, house cleaning, handyman services, home remodeling and snow removal
- Transportation coordination for medical appointments
- Additional technology to assist with medication management, telehealth, safety checks, etc.
- Nutritionist

VIII. INTEREST ON DEPOSITS

LiveHome is not required to hold membership fees or other deposits in escrow on behalf of members and therefore no interest is paid to members on any amounts.

IX. TERMINATION OF CONTRACT

Conditions under which the contract may be terminated and procedures for termination are described in Section V of the Continuing Care Agreement (Exhibit A).

X. RIGHTS OF SURVIVING SPOUSE

The death of a member's spouse eliminates the obligation of the surviving member spouse to pay the second person fee as detailed in the Continuing Care Agreement.

XI. MARRIAGE OF A MEMBER

The marriage of a member does not change the responsibility of the member. If a member marries a non-member, the non-member may become a party to the member's continuing care contract and pay a second person fee.

XII. TAX CONSEQUENCES

Payment of a membership fee pursuant to a continuing care contract may have significant tax benefits or consequences. Any person considering such a payment may wish to consult a qualified advisor.

XIII. RESERVE FUNDING

As required by law, LiveHome maintains a reserve fund escrow account with M&T Bank located in Albany, New York in an amount sufficient to cover one month's operating expenses.

XIV. FINANCIAL STATEMENTS

Audited and certified financial statements of Masonicare Corporation, the parent organization of LiveHome, including the current balance sheet and income statements, are provided in Exhibit B.

XV. PRO FORMA INCOME STATEMENTS

Exhibit C includes the pro forma business plan for LiveHome, including estimated balance sheets and income statements for the first five years of operation.

XVI. MEMBERSHIP FEES AND PERIODIC CHARGES

Membership and monthly fees for LiveHome are set forth in Exhibit D.

XVII. PREPAID OBLIGATIONS, ACTUARIAL VALUE

LiveHome by Masonicare will incur prepaid health care obligations for Members of LiveHome by Masonicare when Continuing Care Agreements are signed. The actuarial present value "y" of those obligations is projected to total approximately \$283.00.

XVIII. DEPARTMENT OF SOCIAL SERVICES FILINGS

LiveHome has filed with the Department of Social Services all materials required by State law governing continuing care contracts and facilities, including financial and actuarial information, current payment plans and healthcare utilization rates. These materials are available for review at the Department of Social Services, located at 25 Sigourney Street, Hartford, CT 06106.

EXHIBIT A

CONTINUING CARE AGREEMENT

CONTINUING CARE AGREEMENT

MASONICARE AT HOME, INC. d/b/a
LIVEHOME BY MASONICARE

A non-profit corporation with Masonicare Corporation,
a 501(c)(3) corporation, as its sole member.

A Continuing Care Contract is a financial investment, and your investment may be at risk. Masonicare At Home, Inc. d/b/a LiveHome by Masonicare's ability to meet its contractual obligations under such contract depends on its financial performance. We advise you to consult an attorney or other professional experienced in matters relating to investments in continuing care facilities and programs before you sign a Continuing Care Contract. The Department of Social Services does not guarantee the security of your investment.

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This Continuing Care Agreement ("Agreement") is made as of this ____ day of ____ between ____ (whom we shall refer to as "you" or the "Member") residing at ____ ("Home") and Masonicare At Home, Inc. ("Masonicare") d/b/a LiveHome by Masonicare located at 22 Masonic Avenue located in Wallingford, Connecticut 06492 (which we shall refer to as "we", "us", "LiveHome" or the "Provider"). If more than one person is signing this Agreement, "you" refers to each of you individually and both of you together and your obligations under this Agreement are joint and several.

I. DURATION OF AGREEMENT

This Agreement is effective as of the date set forth above (the "Membership Date"). This Agreement will remain in effect until it is terminated in accordance with Section V of this Agreement (the "Termination Date").

II. SERVICES

LiveHome will provide you the Services described in this Agreement according to the terms and conditions described in this Agreement.

You agree to accept and pay for the Services as set forth in this Agreement and to abide by the rules of LiveHome at all times while receiving services under this Agreement.

All Members receive the Standard Services Package as described in Section II.A. below. Additional services set forth in Section II.B. may be added at an additional cost. All fees are subject to change as detailed in Section IV.

A. STANDARD SERVICES PACKAGE

1. Care Line

As a Member, you will have unlimited, 24 hour access to LiveHome's Care Line, a hotline for Member care issues and questions.

2. Assessments

Upon becoming a member of LiveHome, we will perform an in-home assessment of your needs and work with you to develop a services/support plan. Assessments and updates to your service plan will be done on a yearly basis by a Wellness Navigator.

3. Meals

Members are entitled to one free dinner per week in the Waterside Dining Room at Masonicare at Ashlar Village. Additional meals will be available to Members at the cost paid by an Ashlar Village resident. Reservations are required and space is subject to availability.

4. Skilled Nursing/Respite Stays at Masonicare Health Center

As a member, you will be entitled to five (5) free days of skilled nursing, assisted living or respite stays at Masonicare Health Center or at one of Masonicare's Assisted Living Communities each calendar year. Free days must be used within the calendar year and may not be carried over to subsequent years or transferred to other Members.

5. Access to the Masonicare Continuum

LiveHome Members will have access to the Masonicare Continuum including the independent and assisted living residences and Masonicare's skilled nursing facilities. Admission will be contingent upon availability and satisfaction of all admissions requirements. Members are solely responsible for the cost associated with these services.

6. Social, Recreational and Wellness Programs

Members will have access to social, recreational and wellness programs offered at the Wallingford campus subject to availability.

7. Members Only Website

Each Member will have access to an on-line Members Only website which will allow Members access to program information, calendars, vendor lists and other member specific information.

8. Referral Service

Members will have access to a Referral Service for additional services not provided under this Agreement. These may include lawn care, professional house cleaning, handyman services, home remodeling, and snow removal. Some services are available at discounted rates. The Referral Service is available at no cost to you; however you are responsible for the cost of any services rendered by the referred service providers. Member shall indemnify, defend and hold LiveHome and the Masonicare Continuum harmless from and against any and all claims, demands or liabilities arising in connection with the work performed by Referral Service vendors.

9. Monthly Housekeeping

Members will receive three (3) hours of housekeeping per month.

B. OTHER SERVICES AVAILABLE AT AN ADDITIONAL FEE

The following services are available to Members at an additional fee. Fees for these additional services will be billed monthly with your monthly Membership Fee as set forth in Section IV. All fees are subject to change without notice. Updates to the current fee schedule are available upon request.

1. Home Based Healthcare Services

- Skilled services including:
 - Nurses
 - Certified nursing assistants
 - Social workers
 - Registered physical therapists/licensed occupational therapists

- Adult day program
- Personal Care Attendants
- Homemakers/Companions
- Live-in Attendants
- Hospice services

2. Transportation

We may provide transportation within a fifteen (15) mile radius of your Home during normal business hours at an additional fee. Reservations must be made forty-eight (48) hours in advance.

3. Add-on Plans

Personalized Plans are available. Members can choose from the following services if they wish to enroll in the Bronze, Silver, or Gold Package.

- Personal Wellness Navigator
- Home Safety Assessment (every two years)
- Personal Health and Safety Technology
- Annual Wellness Assessment by our Geriatricians
- Twelve (12) Meals per month at Ashlar Village
- Two (2) round trips per year for Medical transportation
- Nutritionist Visits Quarterly
- Quarterly Exercise Regime Led by Physical Therapist

III. YOUR RESPONSIBILITIES AS A MEMBER

A. RULES

You agree to abide by LiveHome rules which are attached as Exhibit B and incorporated into this Agreement. LiveHome reserves the right to amend the rules from time to time. Copies of such changes and amendments shall be provided upon request. You further agree to follow the rules of Masonicare when on the Masonicare Campus.

B. RIGHTS OF MEMBERS

Your rights as a Member under this Agreement are those rights and privileges expressly granted to you in this Agreement or by Connecticut law.

C. RIGHT OF ENTRY

You shall permit authorized employees and providers entry into your Home at any time in case of emergencies, for scheduled meetings and to provide services. LiveHome recognizes your right to privacy and will limit entry to your Home as described above.

D. REAL PROPERTY

Your rights and privileges, as granted herein, do not include any right, title or interest whether legal, equitable, beneficial or otherwise, in or to any part of the real property, including land, buildings and improvements owned or operated by LiveHome or its parent, Masonicare Corporation.

E. RESPONSIBILITY FOR DAMAGES/PROPERTY PROTECTION

You will be responsible for any costs incurred in replacing, maintaining or repairing any loss or damage to the real or personal property of LiveHome or its parent Masonicare Corporation caused by the negligence or willful misconduct of you, your guests, agents, employees or pets.

You are responsible for providing personal property and liability insurance for yourself and your property. You agree that LiveHome is not responsible for securing or safeguarding your personal property and possessions. You are responsible for keeping your home secured and for taking any other reasonable precautions. LiveHome is not liable for any claims, damages or expenses, including attorneys' fees, resulting from any injury or death to persons or any damage to property unless caused by the gross negligence or willful misconduct of LiveHome employees.

F. MEDICARE AND OTHER INSURANCE REQUIREMENTS

You understand and agree that LiveHome is not responsible for the cost of healthcare services required by you except as specifically set forth in Section II.A of this Agreement. You understand that it is your obligation to obtain and maintain any available insurance coverage, including Medicare and Medicaid, to meet your healthcare needs.

G. NON-TRANSFERABLE

Your rights under this Agreement are personal to you and cannot be transferred or assigned by you to any other person or entity.

H. HEALTH STATUS

You agree to share any changes in your medical status with your Wellness Navigator and to provide copies of any and all examinations, test results, progress notes or other copies of medical records upon request. You further agree to submit to a physical examination upon the request of LiveHome.

I. POWER OF ATTORNEY/HEALTHCARE REPRESENTATIVE

You agree to execute and maintain in effect a limited Durable Power of Attorney and Healthcare Representative valid under Connecticut law. The Power of Attorney shall designate as your attorney-in-fact, a bank, lawyer, relative or other responsible person or persons of your choice, to act for you in managing your financial affairs and filing for your insurance or other benefits as fully and completely as you would if acting personally. It shall be in a form which survives your incapacity or disability, and be otherwise satisfactory to LiveHome. The Healthcare Representative shall designate a relative or other responsible person or persons of your choice to make any and all health care decisions on your behalf at the time you are unable to make or communicate your decisions about your medical care. You will deliver a fully executed copy of this Power of Attorney and Healthcare Representative to us at the time of your first meeting with your Wellness Navigator.

IV. FEES

A. FEES GENERALLY

The fees associated with your Membership include an initial Membership Fee, a Monthly Standard Services Fee and Additional Fees for any additional services selected by you. These fees are subject to change, from time to time, in the sole discretion of LiveHome as set forth in this Agreement.

B. MEMBERSHIP FEE

Upon signing this Agreement, you agree to pay a one-time membership fee in the amount of _____ to LiveHome ("the Membership Fee"). If this Agreement is for two persons residing in the same Home, a second person membership fee in the amount of _____ will also apply. The Membership Fee will be placed into an escrow account with our current banking institution, in accordance with Connecticut General Statutes Section 17b-524. This fee is non-refundable except as set forth in Section V. No interest shall be paid on any Membership Fees paid to LiveHome.

C. MONTHLY STANDARD SERVICES FEE

You agree to pay LiveHome a monthly fee in the amount of _____ for the Standard Services Package described in Section II.A (the "Monthly Standard Services Fee") and an additional second person monthly fee ("Second Person Monthly Fee") in the amount of _____ if a second person who also occupies your Home will be receiving services under this Agreement. This amount shall be paid in advance on or before the fifth day of each month beginning with the Membership Date. You agree to pay the Monthly Standard Services Fee whether you are residing in your Home or are temporarily in another healthcare facility. The initial Monthly Standard Services Fee shall be prorated for any applicable period of less than one month. The Monthly Standard Services Fee may be increased by LiveHome in its sole discretion upon sixty (60) days notice to you.

D. ADDITIONAL FEES

You will be invoiced as part of your monthly fee for any items and services provided to which are not included in your Standard Services Package.

E. LATE FEES

You agree to pay LiveHome interest at one and a half percent (1.5%) per month on any overdue Monthly or Additional Fees.

V. TERMINATION OF THIS AGREEMENT AND REFUNDS

A. TERMINATION BY YOU

You may terminate this Agreement for any reason within thirty (30) days following the execution of the contract ("Statutory Rescission Period") by notifying LiveHome in writing by registered or certified mail. In the event you terminate within the Statutory Rescission Period, any fees paid to LiveHome will be refunded less: (a) costs specifically incurred by LiveHome at your request, and (b) a service charge equal to the greater of one thousand dollars (\$1,000) or two percent (2%) of your Membership Fee.

If you pass away before the commencement of care under this Agreement but after the Statutory Rescission Period, this Agreement shall terminate automatically upon LiveHome receiving written notice by registered or certified mail of your inability to receive care. Your legal representative will receive a refund of any fees paid to LiveHome less (a) costs specifically incurred by LiveHome at your request, and (b) a service charge equal to the greater of one thousand dollars (\$1,000) or two percent (2%) of your Membership Fee.

You may terminate this Agreement after the Statutory Rescission Period by giving written notice by registered or certified mail to LiveHome, no less than sixty (60) days prior to termination. The notice must specify the termination date.

This Agreement shall automatically terminate upon the death of the last surviving Member.

Any Membership Fee refund due you after the Statutory Rescission Period will be made in accordance with Section V.C.2.

B. TERMINATION BY LIVEHOME BY MASONICARE

1. Termination Without Cause

LiveHome may terminate this Agreement for any reason upon sixty (60) days written notice to you.

2. Termination for Cause

LiveHome shall have the right to terminate this Agreement for any cause, which, in its sole discretion, shall be good and sufficient. Good and sufficient cause shall include, but is not limited to, the following:

- a. Failure to perform your obligations under this Agreement, including the obligation to timely pay the Monthly and Additional Fees.
- b. Your behavior resulting in a threat to the safety, health, peace, or well-being of yourself or others.
- c. Your refusal to follow the recommendations of LiveHome when such refusal poses a risk to your health or safety as determined by us in our sole discretion.
- d. Care in your home is no longer safe as determined by us in our sole discretion.
- e. You move outside the geographic area serviced by LiveHome.

LiveHome shall give you reasonable notice of termination in writing via hand delivery or registered or certified mail. LiveHome's determination that your continued membership presents a threat to the safety of others or of yourself shall be a factor in determining the reasonableness of that notice period.

C. CONDITIONS OF REFUND AND DUTIES UPON TERMINATION

1. Duties Upon Termination

Monthly Fees are to be paid through the month of your Termination Date. Monthly Fees shall not be prorated unless termination is due to the death of a Member. Upon termination by either you or LiveHome, you agree to pay LiveHome all amounts owed to it. You agree that LiveHome may set off any amounts owed by you to LiveHome against any refund due.

2. Refund of the Membership Fee

If you or LiveHome terminate this Agreement after your Membership Date, you or your estate shall be due a refund equal to the amount of

the Membership Fee less 1.04 percent thereof for each calendar month between the date you signed this Agreement and the Termination Date. No refund shall be due if the Agreement terminates more than ninety-six (96) months after the date you signed this Agreement. If you are terminating this Agreement in order to enter in a continuing care Residency Agreement for Masonicare at Ashlar Village, we will apply the full amount of your Membership Fee to the Entrance Fee owed for Ashlar Village without regard to any declining balance. If you are terminating this Agreement for Pond Ridge Assisted Living, we will apply 50% of your initial membership fee to the monthly fee owed to Pond Ridge Assisted Living.

For purposes of computing Membership Fee refunds, a partial calendar month of more than fifteen (15) days shall be treated as a full month and a partial calendar month of fifteen (15) or fewer days shall be ignored. The date you signed this Agreement and the Termination Date shall be counted as full calendar days.

VI. MISCELLANEOUS

A. CONFIDENTIALITY

LiveHome agrees to keep all of the personal and medical information you have supplied to LiveHome in confidence. You agree that LiveHome may provide such information to health care professionals, third-party payors and others who have a need, in our judgment, or a right to know such information under federal or state law.

B. WAIVER

In the event that LiveHome does not, in any one or more instances, insist upon your strict performance, observance or compliance with any of the terms or provisions of this Agreement, or if we waive a breach by you of this Agreement, it shall not be construed to be a waiver of our right to insist upon your strict compliance with all other terms and provisions of this Agreement.

C. GOVERNING LAWS

This Agreement shall be governed by the laws of the State of Connecticut.

D. ATTORNEYS' FEES AND COSTS

If LiveHome is obliged to take legal action to enforce this Agreement, to collect sums due to LiveHome pursuant to this Agreement or to recover damages of any kind, you are liable for the costs of such action including, but not limited to, reasonable attorneys' fees.

E. FULL AND COMPLETE AGREEMENT

This Agreement has precedence over any representations previously made by LiveHome representatives and over any descriptions of services in promotional materials or presentations. This Agreement constitutes the entire contract between you and LiveHome and supersedes all previous understandings and agreements between you and LiveHome. No waiver or modification shall be valid unless made in writing, signed by you and by LiveHome and attached to this Agreement.

F. INTERPRETATION

Headings are for convenience and reference purposes only and shall not affect the interpretation of any provision of this Agreement. Should any provision herein, for any reason, be held invalid or unenforceable in any jurisdiction in which it is sought to be enforced such invalidity and unenforceability shall not affect any other provision of this Agreement and such invalid and unenforceable provision shall be construed as if it were omitted. The remainder of the Agreement shall remain in full force and effect.

G. GENDER OF PRONOUNS

All references in this Agreement by masculine pronouns and adjectives also include the feminine and vice versa.

H. SUCCESSORS AND ASSIGNS

The duties owed LiveHome under this Agreement shall inure to the benefit of its successors and assigns.

I. STATEMENT OF NON-DISCRIMINATION

LiveHome complies with applicable federal and state laws that prohibit discrimination based on race, color, sex, religious beliefs, national origin and other protected classes of persons.

J. NOTICES

When required by the terms of this Agreement, notices shall be given in writing and shall be given to LiveHome or to you at the addresses set forth in this Agreement or at such address as we or you shall specify in writing to each other.

Your signature below certifies that you have read, understand and accept this Agreement and that you or your financial advisor have received the most current Disclosure Statement containing the current audited financial statements.

Signature – Member

Witness

Date

Date

Signature – Member

Witness

Date
LIVEHOME BY MASONICARE

Date

By: _____
Authorized Representative

Date

EXHIBIT A

SERVICES SELECTION AND FEES

MEMBERSHIP FEE

	Initial Fee	Monthly Fee		2 members – Initial Fee	Monthly Fee
Option A	\$15,000	\$ 200	Option A	\$20,000	\$ 300
Option B	\$10,000	\$ 275	Option B	\$13,500	\$ 400
Option C	0	\$ 400	Option C	\$0	\$ 600

ADD-ON PLANS - MONTHLY FEES

Option A		Single Member	2 Members
	Bronze	\$350	\$475
	Silver	\$600	\$750
	Gold	\$700	\$900

Option B		Single Member	2 Members
	Bronze	\$450	\$575
	Silver	\$725	\$875
	Gold	\$800	\$1100

Option C		Single Member	2 Members
	Bronze	\$600	\$850
	Silver	\$850	\$1300
	Gold	\$1000	\$1450

EXHIBIT B

Member agrees to:

1. Be responsible for calling "911" for assistance in the event of an emergency when the Masonicare employee is not present.
2. Call the LiveHome scheduling office at least forty-eight (48) hours in advance at (203) 679-6444 to cancel a visit or change the schedule of visits. We reserve the right to charge for the scheduled visit if there is no cancellation notice. The Member understands that Masonicare employees may not approve any schedule change.
3. Treat Masonicare employees respectfully, including no verbal or sexual harassment, regardless of an individual's race, color, religious creed, age, marital or civil union status, national origin, ancestry, sex or sexual orientation.
4. Identify a primary caregiver who is knowledgeable and able to provide the care that you require in the rare and unavoidable instance that there is an interruption in agency services.
5. Refrain from engaging any Masonicare employee to perform services under any separate agreement, either verbally or in writing, if such services are offered by Masonicare. Such prohibition shall be for 180 days from the termination date of this agreement and if violated, subject to five thousand dollars (\$5,000) in liquidated damages, plus reasonable costs and attorney fees.
6. Provide a safe, suitable environment in which care can be given and be responsible for storing and securing valuables.
7. Refrain from giving any cash, gift certificates, loans, monetary funds of any kind or any other gifts valued at \$50 or more. Masonicare will not be responsible for repayment of funds issued in violation of this policy.

8. Sign required consents and releases for service and make timely payment of all invoices.
9. The Member understands and agrees that the Masonicare employee is not authorized to provide medical care, and will not request such medical care from the Masonicare employee.
10. The Responsible Party is responsible for all of the Member's obligations under this Agreement including making timely payment if the Responsible Party has access to this Member's funds.
11. Notify the LiveHome office if you are not satisfied with your services.

EXHIBIT B

MASONICARE AUDITED FINANCIAL STATEMENTS

NOTE: The attached audited financial statements are for Masonicare Corporation, LiveHome's parent organization.

Note: Fiscal Year Ends September 30.

Masonicare

Independent Auditors' Report,
Consolidated Financial Statements, and
Supplemental Information

As of and for the Years Ended
September 30, 2012 and 2011



Saslow Lufkin & Buggy, LLP
Certified Public Accountants and Consultants

Masonicare
Independent Auditors' Report, Consolidated Financial Statements,
and Supplemental Information
As of and for the Years Ended September 30, 2012 and 2011

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Saslow Lufkin & Buggy, LLP
Certified Public Accountants and Consultants

Independent Auditors' Report

To the Board of Trustees of Masonicare:

We have audited the consolidated balance sheets of Masonicare and its subsidiaries (Masonicare), a Connecticut not-for-profit, non-stock corporation, as of September 30, 2012 and 2011, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended. These consolidated financial statements are the responsibility of Masonicare's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Masonicare's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Masonicare as of September 30, 2012 and 2011, and the results of its consolidated operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The consolidating information listed within the Table of Contents is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual companies, and it is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position, results of operations and cash flows of the individual companies. The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Saslow Lufkin & Buggy, LLP

January 3, 2013

Masonicare
Consolidated Balance Sheets
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,984,483	\$ 2,551,509
Restricted cash	681,779	3,269,558
Patient accounts receivable, net of allowance for doubtful accounts of \$3,890,209 and \$4,152,602, respectively	27,185,910	22,045,567
Other receivables	4,856,041	5,331,032
Inventories	293,970	288,847
Prepaid expenses and other current assets	972,625	891,899
Assets whose use is limited or restricted - required for current liabilities and operating purposes	<u>3,685,053</u>	<u>3,685,284</u>
Total current assets	40,659,861	38,063,696
Assets whose use is limited or restricted:		
By Board of Trustees	97,510,324	66,342,051
Under patient asset management, trust agreements and patient escrow accounts	681,701	471,343
Under indenture agreement - held by Trustees	839,352	595,887
Under trust for estimated self-insurance liabilities	11,032,719	9,596,573
Under trust for interest rate swap obligation	720,000	10,546,034
By donors for specific purposes	3,533,558	2,961,060
By donors for permanent endowment funds	<u>65,146,092</u>	<u>63,844,090</u>
Total assets whose use is limited or restricted	179,463,746	154,357,038
Less: Assets whose use is limited or restricted - required for current liabilities and operating purposes	<u>(3,685,053)</u>	<u>(3,685,284)</u>
Non-current assets whose use is limited or restricted	175,778,693	150,671,754
Property and equipment, net	143,481,802	147,411,468
Unamortized financing costs	1,906,366	1,857,544
Recoveries of estimated insurance liabilities insured through commercial policies	<u>428,056</u>	<u>-</u>
Total assets	<u>\$ 362,254,778</u>	<u>\$ 338,004,462</u>

The accompanying notes are an integral part of these consolidated financial statements.

Masonicare
Consolidated Balance Sheets (continued)
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Liabilities and Net Assets		
Current liabilities:		
Current maturities of long-term debt	\$ 2,435,000	\$ 2,335,000
Accounts payable and accrued expenses	8,538,524	8,004,065
Accrued salaries and related expenses	6,622,848	5,668,240
Accrued pension and postretirement benefits, current portion	2,512,558	2,515,447
Estimated self-insurance liabilities, current portion	1,172,640	1,175,830
Estimated settlements due to third-party payers	4,206,864	5,627,813
Annuities payable, current portion	388,049	405,284
Refundable entry fees, current portion	1,350,310	1,206,873
Deferred patient service and other revenues	2,750,718	2,890,521
Deposits	<u>1,597,526</u>	<u>1,486,097</u>
Total current liabilities	31,575,037	31,315,170
Accrued pension and postretirement benefits, net of current portion	19,022,854	17,421,556
Interest rate swap liability	20,884,267	20,902,212
Annuities payable, net of current portion	2,137,831	2,052,022
Refundable entry fees, net of current portion	29,106,876	30,522,992
Deferred entry fee revenues	12,576,923	11,532,493
Assets held for patient asset management, trust agreements and patient escrow accounts	658,865	459,237
Asset retirement obligation	733,976	706,784
Estimated insurance liabilities insured through commercial policies	428,056	-
Estimated self-insurance liabilities, net of current portion	10,546,415	10,759,061
Long-term debt, net of current maturities	<u>104,245,000</u>	<u>106,095,000</u>
Total liabilities	231,916,100	231,766,527
Net assets:		
Unrestricted net assets of Masonicare	50,658,804	29,315,151
Non-controlling interest in consolidated subsidiary	<u>(402,867)</u>	<u>(359,742)</u>
Total unrestricted net assets	50,255,937	28,955,409
Temporarily restricted	2,623,307	2,109,958
Permanently restricted	<u>77,459,434</u>	<u>75,172,568</u>
Total net assets	<u>130,338,678</u>	<u>106,237,935</u>
Total liabilities and net assets	<u><u>\$ 362,254,778</u></u>	<u><u>\$ 338,004,462</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

Masonicare
Consolidated Statements of Operations and Changes in Net Assets
For the Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Net patient service revenues	\$ 140,017,072	\$ 136,954,474
Resident fees	18,451,314	18,241,802
Other revenues	<u>14,307,584</u>	<u>13,785,752</u>
Total operating revenues	172,775,970	168,982,028
Operating expenses:		
Salaries and wages	92,869,769	89,656,817
Employee benefits	27,387,504	24,448,200
Supplies and other services	21,967,099	23,477,544
Professional fees	18,353,789	17,470,315
Depreciation and amortization	10,115,252	9,687,804
Interest	3,859,887	2,929,089
Provision for bad debts	<u>768,053</u>	<u>1,071,273</u>
Total operating expenses	<u>175,321,353</u>	<u>168,741,042</u>
(Loss) income from operations	(2,545,383)	240,986
Non-operating income (expense):		
Contributions	3,203,974	2,052,994
Investment income	6,929,037	10,404,468
Change in fair value of interest rate swap agreement	<u>17,945</u>	<u>(3,306,094)</u>
Total non-operating income (expense)	<u>10,150,956</u>	<u>9,151,368</u>
Excess of revenues over expenses	7,605,573	9,392,354
Loss (gain) attributable to non-controlling interest in consolidated subsidiary	<u>43,125</u>	<u>(198,865)</u>
Excess of revenues over expenses of Masonicare	7,648,698	9,193,489
Other changes in unrestricted net assets:		
Change in unrealized appreciation (depreciation) on investments	16,013,771	(11,386,113)
Pension changes other than net periodic benefit costs	(2,318,816)	(3,793,729)
(Loss) gain attributable to non-controlling interest in consolidated subsidiary	<u>(43,125)</u>	<u>198,865</u>
Change in unrestricted net assets	21,300,528	(5,787,488)
Unrestricted net assets, beginning of year	<u>28,955,409</u>	<u>34,742,897</u>
Unrestricted net assets, end of year	<u><u>\$ 50,255,937</u></u>	<u><u>\$ 28,955,409</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

Masonicare
Consolidated Statements of Changes in Net Assets
For the Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Unrestricted net assets:		
Excess of revenues over expenses of Masonicare	\$ 7,648,698	\$ 9,193,489
Change in unrealized appreciation (depreciation) on investments	16,013,771	(11,386,113)
Pension changes other than net periodic benefit costs	(2,318,816)	(3,793,729)
(Loss) gain attributable to non-controlling interest in consolidated subsidiary	<u>(43,125)</u>	<u>198,865</u>
Change in unrestricted net assets	21,300,528	(5,787,488)
Temporarily restricted net assets:		
Bequests, contributions, pledges and changes in value of residual trusts	101,223	55,725
Investment income	105,508	81,453
Realized gains on sales of investments	85,703	125,905
Change in unrealized appreciation (depreciation) on investments	414,055	(224,467)
Change in annuity obligations	(79,848)	(126,924)
Net assets released for capital acquisitions	<u>(113,292)</u>	<u>(132,448)</u>
Change in temporarily restricted net assets	513,349	(220,756)
Permanently restricted net assets:		
Bequests, contributions and pledges	735,943	1,374,398
Investment income	123,331	112,569
Realized gains on sales of investments	91,171	82,582
Change in annuity obligations	(264,792)	(242,560)
Change in fair value of perpetual trusts	1,262,174	(539,417)
Change in unrealized appreciation (depreciation) on investments	<u>339,039</u>	<u>(98,753)</u>
Change in permanently restricted net assets	2,286,866	688,819
Change in net assets	24,100,743	(5,319,425)
Net assets, beginning of year	<u>106,237,935</u>	<u>111,557,360</u>
Net assets, end of year	<u><u>\$ 130,338,678</u></u>	<u><u>\$ 106,237,935</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

Masonicare
Consolidated Statements of Cash Flows
For the Years Ended September 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Change in net assets	\$ 24,100,743	\$ (5,319,425)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	10,115,252	9,687,804
Pension changes other than net periodic benefit costs	2,318,816	3,793,729
Provision for bad debts	768,053	1,071,273
Restricted contributions, investment income and other	(1,067,692)	(1,627,145)
Realized and unrealized (gains) losses on investments	(22,734,217)	3,011,375
Amortization of deferred entry fee revenues	(5,908,878)	(6,139,210)
Loss (gain) attributable to non-controlling interest in consolidated subsidiary	43,125	(198,865)
Changes in fair value of interest rate swap agreement	(17,945)	3,306,094
Changes in operating assets and liabilities:		
Patient accounts receivable, net	(5,908,396)	(5,038,152)
Other receivables	474,991	(2,694,912)
Inventories	(5,123)	(37,176)
Prepaid expenses and other current assets	(80,726)	222,229
Accounts payable and accrued expenses	534,459	(1,467,564)
Accrued salaries and related expenses	954,608	486,740
Accrued pension and postretirement benefits	(720,407)	(1,127,076)
Estimated self-insurance liabilities	(215,836)	(551,481)
Estimated settlements due to third-party payers	(1,420,949)	272,429
Deferred patient service and other revenues	(139,803)	48,725
Deposits	111,429	(21,408)
Assets held for patient asset management, trust agreements and patient escrow accounts	199,628	(95,677)
Asset retirement obligation	27,192	27,192
Net cash provided by (used in) operating activities	1,428,324	(2,390,501)
Cash flows from investing activities:		
Proceeds from sales of investments	67,933,309	123,209,085
Purchases of investments	(70,965,637)	(120,485,154)
Change in restricted cash	2,587,779	(929,651)
Purchases of property and equipment, net	(5,549,123)	(4,833,421)
Net cash used in investing activities	(5,993,672)	(3,039,141)
Cash flows from financing activities:		
Proceeds from entrance fees	7,752,300	7,344,475
Refunds of entrance fees	(2,071,670)	(2,389,457)
Proceeds from long-term debt	33,000,000	-
Payments on long-term debt	(34,750,000)	(2,240,000)
Restricted contributions, investment income and other	1,067,692	1,627,145
Net cash provided by financing activities	4,998,322	4,342,163
Net change in cash and cash equivalents	432,974	(1,087,479)
Cash and cash equivalents at beginning of year	2,551,509	3,638,988
Cash and cash equivalents at end of year	\$ 2,984,483	\$ 2,551,509

The accompanying notes are an integral part of these consolidated financial statements.

Masonicare
Notes to the Consolidated Financial Statements
As of and for the Years Ended September 30, 2012 and 2011

Note 1 - General

Organization - Masonicare is a not-for-profit Connecticut corporation and a tax-exempt organization under the provisions of Section 501(c)(3) of the Internal Revenue Code. Masonicare is a parent holding company and support organization for its affiliate corporations (collectively referred to as Masonicare or the System). Masonicare was organized in 1995 for the benefit of providing long-range strategic and financial planning, policy development and support services for its affiliates, which provide continuing care retirement services and other housing, health care and related services to older adults. Tracing itself to its predecessor, The Masonic Charity Foundation of Connecticut, the principal purposes of the corporate system are to aid, assist or support the aged, sick or infirm Connecticut A.F.&A.M., Connecticut members of Order of Eastern Star, Prince Hall Affiliates and Connecticut members of Order of Amaranth and their families; and otherwise provide for the needs of an aging population. In furtherance of its traditional values, the mission of Masonicare is to enhance the quality of life by providing health, social and spiritual care throughout an individual's lifetime with emphasis on the needs of older persons. The affiliate corporations in the System are Masonicare Health Center (MHC), Keystone Indemnity Company (Keystone), The Masonic Charity Foundation of Connecticut, Inc. (MCF), Masonicare at Ashlar Village (MAV), Masonicare at Newtown (MAN), Masonic Management Services, Inc. (MMS) and Masonicare Home Health and Hospice (MHH&H).

Effective December 1, 2007, MHH&H formed a strategic partnership with the two homecare branches operated by Saint Francis Hospital and Medical Center. The partnership, Masonicare Partners Home Health & Hospice, includes the Greater Hartford Branch of MHH&H and Suffield branches of Saint Francis Homecare. MHH&H owns a 65% share of Masonicare Partners Home Health & Hospice with the remaining 35% owned by Saint Francis Hospital and Medical Center. MHH&H records a 65% interest in this company with the remaining 35% recorded as a non-controlling interest in consolidated subsidiary. Masonicare recorded the minority interest in Masonicare Partners Home Health & Hospice of \$402,867 and \$359,742 on the consolidated balance sheets at September 30, 2012 and 2011, respectively.

Note 2 - Summary of Significant Accounting Policies

Principles of Consolidation - The consolidated financial statements include the accounts of Masonicare (including Keystone), MHC, MCF, MAN, MAV, MMS (including Masonicare Primary Care Physicians and Masonicare Behavioral Health) and MHH&H (including Masonicare Partners Home Health & Hospice). Intercompany accounts and transactions have been eliminated in consolidation.

Basis of Reporting - The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as promulgated by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), which requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits at the date of the financial statements and the changes in net assets available for benefits during the reporting periods. Actual results could differ from those estimates.

Net Patient Service Revenues - Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Net patient service revenue from Medicare and Medicaid accounted for approximately 65% of total net patient service revenue for each of the years ended September 30, 2012 and 2011.

Masonicare
Notes to the Consolidated Financial Statements
As of and for the Years Ended September 30, 2012 and 2011

Note 2 - Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents - Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less from the date of acquisition, excluding amounts whose use is limited or restricted. The Federal Depository Insurance Corporation (FDIC) insures cash balances up to \$250,000 per customer, per bank. The FDIC also provides separate unlimited coverage for deposit accounts that meet the definition of non-interest bearing accounts. Unlimited coverage on non-interest bearing accounts extends until December 31, 2012. Amounts in excess of the FDIC limits are uninsured. Most of Masonicare's banking activity is maintained with several regional banks and, from time-to-time, exceeds FDIC limits. It is Masonicare's policy to monitor these banks' financial strength on an ongoing basis.

Restricted Cash - Restricted cash consists of advanced resident deposits at MAV.

Investments - Investments in equity securities with readily determinable fair values and all investments in debt securities and mutual funds are measured at fair value in the consolidated balance sheets. Assets received as donations or bequests are recorded as contributions on the date received at the estimated fair value. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in excess of revenues over expenses. The average cost method is used to determine realized gains or losses on sales of marketable equity securities.

Masonicare invests in several limited partnerships (the Investment Companies). Some of these investments are in the form of both a master and feeder fund structure. The Investment Companies invest primarily in securities of publicly traded companies, securities of privately held distressed companies, real estate ventures and other financial instruments including a variety of derivative products such as call and put options, warrants and convertible securities. These Investment Companies are not traded on an exchange and do not provide Masonicare with the ability to redeem shares on a daily basis. There is generally no secondary market for trading interests in the Investment Companies. Instead, the net asset value serves as the basis for the investor's periodic (i.e. monthly or quarterly) subscription and redemption activity pursuant to the terms of each Investment Companies' governing documents. In accordance with FASB ASC 958-10 "Consolidation" and AAG HCO-1, "Omnibus Changes to Consolidation and Equity Method Guidance for Not-for-Profit Organizations", Masonicare reports the carrying values of the Investment Companies at cost. The fair values of these securities amounted to \$29,093,029 and \$32,902,997 as of September 30, 2012 and 2011, respectively. Because of the inherent uncertainty of the fair value of securities measured in good faith by the general partner, the estimated fair values of those securities may be materially higher or lower than the values that would have been used had a ready market for these securities existed. As of September 30, 2012 and 2011, Masonicare had \$2,120,640 and \$2,680,460, respectively, of unfunded commitments owed to the Investment Companies.

Other-Than-Temporary Impairments on Investments - When a decline in fair market value is deemed to be other-than-temporary, a provision for impairment is charged to non-operating income, included in other than temporary impairments on investments, and the cost basis of that investment is reduced.

For equity securities, Masonicare's management reviews several factors to determine whether a loss is other than temporary, such as the length of time a security is in a unrealized loss position, extent to which the fair value is less than cost, the financial condition and near term prospects of the issuer and Masonicare's intent and ability to hold the security for a period of time sufficient to allow for any anticipated recovery in fair value. There were no impairment losses recorded during the years ended September 30, 2012 and 2011.

For debt securities, Masonicare evaluates whether it intends to sell an impaired debt security or whether it is more likely than not that it will be required to sell an impaired debt security before recovery of the amortized cost basis. If either of these criteria are met, an impairment equal to the difference between the debt security's amortized cost and its fair value is recognized in earnings.

Masonicare
Notes to the Consolidated Financial Statements
As of and for the Years Ended September 30, 2012 and 2011

Note 2 - Summary of Significant Accounting Policies (continued)

For impaired debt securities that do not meet these criteria, Masonicare determines if a credit loss exists with respect to the impaired security. If a credit loss exists, the credit loss component of the impairment (i.e., the difference between the amortized cost of a security and the projected net present value of the future cash flows from the security) is recognized in earnings and the remaining portion of the impairment is recognized as a component of changes in net assets within unrealized appreciation (depreciation) on investments.

Restricted Assets - Assets whose use is limited or restricted include assets set aside by the Board of Trustees (the Board) for future capital purposes, over which the Board retains control and may at its discretion subsequently use for other purposes; assets temporarily restricted by donors; assets permanently restricted by donors; patient assets and patient escrow accounts; assets held in trust for estimated self-insurance liabilities; assets held in trust for interest rate swap obligation; and assets held by trustees under a State Connecticut Health and Educational Facilities Authority (CHEFA) Indenture Agreement.

Temporarily restricted net assets include specific purpose annuities and unrestricted residual interest trusts. Specific purpose funds may be utilized only in accordance with the purposes established by the donor. Unrestricted residual interest trusts may not be used by Masonicare until the passage of time.

Permanently restricted funds are subject to the restrictions of gift instruments requiring that the principal be invested in perpetuity. Annuity funds are included in permanently restricted funds. Annuity funds are held conditional upon Masonicare paying stipulated amounts or the income earned on contributed amounts to designated individuals. A liability has been determined based on the present value of future payments for the expected lives of each annuitant. Such payments terminate upon death of the beneficiary. Upon termination, the remaining principal becomes part of the permanent endowment funds of Masonicare.

The income earned on restricted funds is generally available for operations of Masonicare and is recorded as revenue in unrestricted net assets, unless restricted by the donor or to pay future annuity obligations at which time the income is added to the appropriate restricted net asset balance. Administration of Masonicare's restricted funds is subject to the general provisions of the Uniform Management of Institutional Funds Act (UMIFA) as updated by the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Under the provisions of this law, a governing board may appropriate for expenditure, for the uses and purposes for which an endowment fund is established, so much of the net appreciation as is deemed prudent based on standards established by UMIFA and UPMIFA. While a governing board must exercise ordinary business care in the appropriation of such appreciation, the general provisions of UMIFA and UPMIFA do not mandate that institutions retain endowment gains permanently. Accordingly, institutions that are subject to general UMIFA and UPMIFA provisions report gains on endowment assets as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board of Trustees. However, if a specific gift instrument explicitly requires the reinvestment of appreciation, or a portion thereof, such reinvested amounts shall be classified within permanently restricted net assets.

Patient assets and escrow accounts are managed by Masonicare through asset management agreements and are utilized to pay for care and other services rendered by Masonicare. Patient assets are pooled together and each patient is credited with income earned monthly based on a percentage of patient assets to total assets in the pool.

Assets whose use is limited or restricted, with the exception of patient assets, are pooled for investment purposes. Each participating fund's equity in the pool is represented by pool units based on fair value. Investment income and gains and losses from sales of pooled investments are apportioned among the invested funds based on earnings per pool unit.

Masonicare
Notes to the Consolidated Financial Statements
As of and for the Years Ended September 30, 2012 and 2011

Note 2 - Summary of Significant Accounting Policies (continued)

Inventories - Inventories are stated at the lower of cost or fair market value, using the first-in, first-out method.

Property and Equipment, Net - Property and equipment are stated at cost or, in the case of donated property, at the fair value at the date of the gift, less accumulated depreciation. Major improvements and betterments to existing plant and equipment are capitalized. Expenditures for maintenance and repairs, which do not extend the lives of the applicable assets, are charged to expense as incurred. Upon disposition or retirement of property and equipment, the cost and related accumulated depreciation are eliminated from the respective accounts, and resulting gains and losses are included in the results of operations.

Depreciation expense is computed on a straight-line basis over the asset's estimated useful life, using a full month convention beginning in the month the asset is placed in service. Useful lives assigned to assets range from 5 to 40 years.

Deferred Financing Costs - Deferred financing costs have been recorded as an asset and are being amortized using the effective interest method over the term of the related financing agreement.

Excess of Revenues Over Expenses - The consolidated statements of operations and changes in net assets include excess of revenues over expenses. Changes in unrestricted net assets, which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized appreciation (depreciation) on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, contributions of long-lived assets (including assets acquired using contributions, which by donor restriction were to be used for the purposes of acquiring such assets) and certain adjustments to the pension liability.

Non-operating income included in excess of revenues over expenses consists of unrestricted contributions, investment income, including realized gains and losses and investment management fees and the change in fair value of the interest rate swap agreement.

Deferred Patient Service and Other Revenue - Deferred patient service revenue represents the amount of unamortized Medicare billings for home care services under the prospective payment methodology. Deferred patient service revenue is amortized to income on a straight-line basis over an expected 60-day treatment period. Deferred other revenue represents pre-billing of certain fees associated with MHC and MAV that are not earned until the subsequent month.

Use of Estimates - The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the estimated net realizable value of receivables from patients and third-party payers, settlement of third-party reimbursement cost reports with Medicare and Medicaid, valuation of investments, useful lives of buildings and equipment and other estimates included in actuarial calculations for deferred entry fee revenue, pension expense, postretirement healthcare costs and estimated self-insurance liabilities. Actual results could differ from those estimates.

Bad Debts - Masonicare uses the indirect method to record bad debts. Masonicare records an allowance for doubtful accounts, which is based on its estimation of bad debts, against its outstanding patient accounts receivable. This estimate is based on Masonicare's past experience with collecting its receivables and an analysis of current accounts receivable. Bad debt expense was \$768,053 and \$1,071,273 for the years ended September 30, 2012 and 2011, respectively.

Masonicare
Notes to the Consolidated Financial Statements
As of and for the Years Ended September 30, 2012 and 2011

Note 2 - Summary of Significant Accounting Policies (continued)

Accounting Pronouncements Adopted - In August 2010, the FASB issued Accounting Standards Update (ASU) No. 2010-23, "*Health Care Entities (Topic 954): Measuring Charity Care for Disclosure.*" ASU No. 2010-23 is intended to reduce the diversity in practice regarding the measurement basis used in the disclosure of charity care. ASU No. 2010-23 requires that cost be used as the measurement basis for charity care disclosure purposes and that cost be identified as the direct or indirect cost of providing the charity care, and requires disclosure of the method used to identify or determine such costs. This ASU is effective for fiscal years beginning after December 15, 2010, with retrospective application required. Masonicare's adoption of ASU 2010-23 did not have a material impact on its overall consolidated financial statements.

In August 2010, the FASB issued ASU No. 2010-24, "*Health Care Entities (Topic 954) Presentation of Insurance Claims and Related Insurance Recoveries.*" ASU No. 2010-24 clarifies that a health care entity may not net insurance recoveries against related claim liabilities. In addition, the amount of the claim liability must be determined without consideration of insurance recoveries. This ASU is effective for fiscal years beginning after December 15, 2010. Masonicare's adoption of ASU 2010-24 resulted in the recording of additional claim liabilities and insurance recoveries from third party insurance carriers in the amount of \$428,056.

Pending Accounting Pronouncements - In May 2011, the FASB issued ASU No. 2011-04, "*Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRs.*" ASU No. 2011-04 amends certain guidance in ASC 820, "*Fair Value Measurement.*" ASU 2011-04 expands ASC 820's existing disclosure requirements for fair value measurements and makes other amendments. ASU 2011-04 is effective for interim and annual reporting periods beginning after December 15, 2011 and will be applied on a prospective basis. Masonicare is currently evaluating the effect that the provisions of ASU 2011-04 will have on the Masonicare's consolidated financial statements.

In July 2011, the FASB issued ASU No. 2011-07, "*Health Care Entities (Topic 954), Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities.*" ASU 2011-07 requires a health care entity to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenues from an operating expense to a deduction from patient service revenues (net of contractual allowances and discounts). Additionally, enhanced disclosures about an entity's policies for recognizing revenue, assessing bad debts, as well as qualitative and quantitative information about changes in the allowance for doubtful accounts are required. ASU 2011-07 is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2012. Masonicare is currently evaluating the effect that the provisions of ASU 2011-07 will have on its overall consolidated financial statements.

In July 2012, the FASB issued ASU No. 2012-01, "*Health Care Entities (Topic 954) Continuing Care Retirement Communities - Refundable Advanced Fees.*" ASU No. 2012-01 clarifies that an entity should classify an advanced fee as deferred revenue when a continuing care retirement community has a resident contract that provides for payment of the refundable advance fee upon re-occupancy by a subsequent resident, which is limited to the proceeds of re-occupancy. Refundable advanced fees that are contingent upon re-occupancy by a subsequent resident but are not limited to the proceeds of re-occupancy should be accounted for and reported as a liability. This ASU is effective for fiscal years beginning after December 15, 2012, with retrospective application required. Masonicare's adoption of ASU No. 2012-01 will not have a material effect on the consolidated financial statements.

Masonicare
Notes to the Consolidated Financial Statements
As of and for the Years Ended September 30, 2012 and 2011

Note 3 - Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted and classified as current assets consist of funds required for interest payable on bonds, annuities payable recorded as current liabilities and amounts approved by the Board of Trustees for operating purposes in the following year.

Assets whose use is limited or restricted are comprised as follows at September 30, 2012 and 2011:

	2012		2011	
	Cost	Fair Value	Cost	Fair Value
By Board of Trustees:				
Cash and cash equivalents	\$ 5,017,932	\$ 5,017,932	\$ 2,178,948	\$ 2,178,948
Marketable equity securities	67,103,295	75,339,869	56,953,640	50,708,816
Fixed income securities	14,438,764	15,192,271	10,924,461	11,320,875
Other investments	1,944,953	1,945,252	2,111,612	2,111,612
Other assets	15,000	15,000	21,800	21,800
	<u>88,519,944</u>	<u>97,510,324</u>	<u>72,190,461</u>	<u>66,342,051</u>
Under patient asset management, trust agreements and patient escrow accounts:				
Cash and cash equivalents	331,913	331,913	170,396	170,396
Other investments	331,205	331,205	286,468	286,469
Other assets	18,583	18,583	14,479	14,478
	<u>681,701</u>	<u>681,701</u>	<u>471,343</u>	<u>471,343</u>
Under indenture agreement - held by Trustees:				
Cash and cash equivalents	15,679	15,679	13,892	13,892
Fixed income securities	824,003	823,673	582,539	581,995
	<u>839,682</u>	<u>839,352</u>	<u>596,431</u>	<u>595,887</u>
Under trust for estimated self-insurance liabilities:				
Marketable equity securities	4,089,839	4,578,838	5,531,155	5,086,727
Fixed income securities	4,299,849	4,459,277	2,736,306	2,819,104
Other investments	1,847,553	1,994,604	1,655,000	1,690,742
	<u>10,237,241</u>	<u>11,032,719</u>	<u>9,922,461</u>	<u>9,596,573</u>
Under trust for interest rate swap obligation:				
Cash and cash equivalents	720,000	720,000	10,546,034	10,546,034
	<u>720,000</u>	<u>720,000</u>	<u>10,546,034</u>	<u>10,546,034</u>
By donors for specific purposes:				
Cash, cash equivalents and interest receivable	330,554	330,554	421,582	421,582
Marketable equity securities	723,196	1,047,624	779,541	716,202
Fixed income securities	912,339	961,274	669,954	688,996
Residual interest trusts	1,076,986	1,193,006	1,076,986	1,133,180
Other investments	1,100	1,100	1,100	1,100
	<u>3,044,175</u>	<u>3,533,558</u>	<u>2,949,163</u>	<u>2,961,060</u>
By donors for permanent endowment funds:				
Cash, cash equivalents and interest receivable	748,563	748,563	192,018	192,018
Marketable equity securities	26,539,075	26,943,557	25,591,699	25,717,949
Fixed income securities	7,004,524	7,094,819	5,053,052	5,082,539
Perpetual interest trusts	8,530,137	11,395,472	8,530,137	10,133,298
Residual interest trusts	440,159	562,231	440,159	495,338
Other investments	18,401,450	18,401,450	23,061,087	22,222,948
	<u>61,663,908</u>	<u>65,146,092</u>	<u>62,868,152</u>	<u>63,844,090</u>
	<u>\$ 165,706,651</u>	<u>\$ 179,463,746</u>	<u>\$ 159,544,045</u>	<u>\$ 154,357,038</u>

Masonicare
Notes to the Consolidated Financial Statements
As of and for the Years Ended September 30, 2012 and 2011

Note 3 - Assets Whose Use is Limited or Restricted (continued)

Investment income is comprised of the following for the years ended September 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Interest and dividends	\$ 3,146,305	\$ 3,518,890
Realized gains on sales of investments	4,352,430	7,616,918
Less: investment management fees	<u>(569,698)</u>	<u>(731,340)</u>
	<u>\$ 6,929,037</u>	<u>\$ 10,404,468</u>

Note 4 - Property and Equipment

Property and equipment, consists of the following at September 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Land	\$ 419,334	\$ 419,334
Land improvements	13,989,259	13,616,902
Buildings	221,662,173	219,206,198
Furniture and equipment	<u>53,070,413</u>	<u>51,232,161</u>
	289,141,179	284,474,595
Less: accumulated depreciation	<u>(149,171,309)</u>	<u>(140,021,880)</u>
	139,969,870	144,452,715
Construction in progress (estimated cost to complete - \$3,915,000)	<u>3,511,932</u>	<u>2,958,753</u>
	<u>\$ 143,481,802</u>	<u>\$ 147,411,468</u>

Depreciation expense was \$9,492,390 and \$9,579,326 for the years ended September 30, 2012 and 2011, respectively. Included in property and equipment as of September 30, 2012 and 2011, are capitalized leased assets for computer equipment with a cost of \$377,822 and related accumulated depreciation of \$376,666 for both 2012 and 2011.

For the year ended September 30, 2012 and 2011, \$3,281,706 of capitalized interest has been included within property and equipment, respectively.

Masonicare
Notes to the Consolidated Financial Statements
As of and for the Years Ended September 30, 2012 and 2011

Note 5 - Unamortized Financing Costs

Unamortized financing costs consist of the following at September 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Deferred financing costs	\$ 2,308,592	\$ 2,177,227
Less: accumulated amortization	<u>(402,226)</u>	<u>(319,683)</u>
	<u>\$ 1,906,366</u>	<u>\$ 1,857,544</u>

Amortization expense related to deferred financing costs was \$82,543 and \$81,598, for the years ended September 30, 2012 and 2011, respectively.

Note 6 - Long-Term Debt

On October 23, 2007 and pursuant to a loan agreement dated as of October 1, 2007, Masonicare issued to CHEFA bonds in the amount of \$116,065,000 for the purpose of financing the expansion of and renovations to the facilities at MAV and MHC. This bond issuance also constitutes a refinancing of the CHEFA 1998 Revenue Bonds (Series A and Series B) issued debt. The bond issuance is in the form of Masonicare Issue, Series C and Masonicare Issue, Series D financing. Masonicare Issue, Series C and Series D are variable rate demand revenue bonds in the amounts of \$81,065,000 and \$35,000,000, respectively, with both series bonds maturing on July 1, 2037. The variable interest rates on the bonds are based upon the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index. The bonds were originally secured by an irrevocable letter of credit expiring on, October 31, 2012, issued by Wells Fargo Bank, National Association (formerly Wachovia Bank, National Association). On September 5, 2012, Masonicare entered into a three year agreement with Manufacturers and Traders Trust Company (M&T Bank) to provide a substitute letter of credit in connection with the issuance of the bonds. On October 16, 2007, Masonicare entered into an interest rate swap agreement relating to the aggregate principal amount of the Series C bonds as more fully described in Note 21.

On September 5, 2012 and pursuant to a loan agreement dated September 1, 2012, Masonicare issued to CHEFA bonds in the amount of \$33,000,000 (Series E bonds) for the purpose of refinancing the previously issued Series D bonds. Masonicare Issue, Series E bonds are variable rate demand revenue bonds that mature on July 31, 2037. The variable interest rates on the bonds are based upon 78% of the 30 day LIBOR rate plus 150 basis points. Masonicare has entered into a Direct Purchase agreement with Webster Bank for Webster Bank to purchase 100% of the bonds issued.

Masonicare
Notes to the Consolidated Financial Statements
As of and for the Years Ended September 30, 2012 and 2011

Note 6 - Long-Term Debt (continued)

Long-term debt consists of the following at September 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
CHEFA Revenue Bonds:		
Series C - 3.06% to 7.96% term bonds due 2037	\$ 73,680,000	\$ 75,325,000
Series D - 3.06% to 7.96% term bonds due 2037	-	33,105,000
Series E - 4.50% term bonds due 2037	<u>33,000,000</u>	<u>-</u>
	106,680,000	108,430,000
Less: current maturities	<u>(2,435,000)</u>	<u>(2,335,000)</u>
	<u>\$ 104,245,000</u>	<u>\$ 106,095,000</u>

Under the indenture agreements, the Obligated Group is required to make monthly deposits with the Trustee to fund future principal and interest payments. The agreements also place limits on additional borrowings and further require the Obligated Group to maintain a specified debt service coverage ratio. The Obligated Group was in compliance with these covenants for the years ended September 30, 2012 and 2011.

The annual maturities of long-term debt in each of the succeeding five years and thereafter are as follows:

2013	\$ 2,435,000
2014	2,561,000
2015	2,563,000
2016	2,673,000
2017	2,787,000
Thereafter	<u>93,661,000</u>
	<u>\$ 106,680,000</u>

Funds held by trustees under the indenture agreement are as follows at September 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Principal and interest funds, held by Fidelity	\$ 410,039	\$ -
Principal and interest funds, held by U.S Bank	<u>429,313</u>	<u>595,887</u>
	<u>\$ 839,352</u>	<u>\$ 595,887</u>

Masonicare
Notes to the Consolidated Financial Statements
As of and for the Years Ended September 30, 2012 and 2011

Note 7 - Line of Credit

Effective March 5, 2010 and later extended on July 9, 2011, Masonicare entered into a revolving line of credit agreement with Webster Bank, National Association for \$10,000,000. Advances under the line of credit bear interest at the higher of a 4% interest rate or the Eurodollar rate plus 175 basis points. The agreement expires upon mutual consent of both parties. As of September 30, 2012 and 2011, Masonicare did not have any outstanding amounts drawn against this line of credit.

Note 8 - Self-Insurance Liabilities

Masonicare is self-insured for its long-term care professional and general liability exposure through Keystone, a wholly-owned subsidiary domiciled in Vermont. Effective January 1, 2008, Keystone provides claims-made coverage of \$13,000,000 per claim and \$10,000,000 per claim (\$12,000,000 per claim for fiscal year end 2011) for professional and general liability insurance, respectively, subject to reinsurance. Masonicare has employed independent actuaries to estimate the ultimate costs of the settlement of claims under the program, which approximate \$6,215,302 and \$6,052,952 at September 30, 2012 and 2011, respectively. Accrued professional and general liability reserves are discounted at a rate of 3% and 4% as of September 30, 2012 and 2011, respectively, and in management's opinion provide an adequate reserve for loss contingencies.

Masonicare also self-insures the deductible portion of workers compensation claims. The self-insured deductible amount is \$250,000 from January 1, 2001 through January 1, 2005 and \$350,000 from January 1, 2005 to February 28, 2009. Effective March 1, 2009, Masonicare has purchased a pre-funded large deductible policy from a commercial carrier with a deductible limit of \$350,000 per claim with a \$4,300,000 aggregate limit (\$4,200,000 through March 1, 2010). Masonicare has established an irrevocable trust to hold assets, accumulate income and pay settled claims and expenses related to the workers' compensation program for the self-insured deductibles. Masonicare has employed independent actuaries to estimate the ultimate costs of the deductible portion of workers compensation claims, which approximate \$4,331,112 and \$4,706,109 at September 30, 2012 and 2011, respectively. Accrued workers compensation reserves have been discounted at a rate of 3% at September 30, 2012 and 2011 and in management's opinion provide an adequate reserve for loss contingencies. Effective February 24, 2009, Masonicare obtained a surety bond to secure its future obligations of the self-insured deductible program. To effectuate the surety bond agreement Masonicare has provided \$300,000 in collateral (960,000 in fiscal year 2011), which is held in trust at J.P Morgan Chase Bank N.A. and is included within assets under trust for self-insurance liabilities within the consolidated balance sheets as of September 30, 2012 and 2011, respectively. In addition, Masonicare is required to pre-fund a loss escrow account with the commercial carrier for the large deductible policy. Amounts held in escrow by the commercial carrier total \$2,900,486 and \$1,729,626 as of September 30, 2012 and 2011, respectively, and are carried within other receivables on the consolidated balance sheets.

Effective January 1, 2007, Masonicare self-insured liabilities related to medical coverage on its employees and dependents (covered members) up to \$100,000 per covered member. Masonicare procured a stop loss policy with CIGNA Healthcare for coverage in excess of \$100,000 per covered member. Masonicare recorded liabilities in accordance with the program of \$1,172,640 and \$1,175,830 as of September 30, 2012 and 2011, respectively. Masonicare paid claims and administrative fees related to this program of \$15,348,702 and \$14,356,850 for the years ended September 30, 2012 and 2011, respectively.

Masonicare
Notes to the Consolidated Financial Statements
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Note 9 - Lease Commitments

Masonicare leases certain real estate and equipment under several non-cancelable operating leases. Future minimum rental payments under non-cancelable operating leases with initial terms in excess of one year are as follows at September 30, 2012:

2013	\$	632,413
2014	\$	553,648
2015	\$	480,192
2016	\$	385,155
2017	\$	341,014

Total rent expense under all operating leases was approximately \$854,094 and \$895,480 for the years ended September 30, 2012 and 2011, respectively.

Note 10 - Pension and Other Postretirement Benefits

Masonicare has a defined benefit pension plan that provides retirement benefits for all eligible employees. To be eligible for the plan, the employee must work for a participating affiliate as defined in the plan agreement, be at least 21 years of age, and have completed a full year of service with at least 1,000 hours worked in that year. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future.

In July 2002, the Board of Trustees voted to freeze the defined benefit pension plan effective December 31, 2002. Upon freezing of the plan, all participants became 100% vested in their account balances. Benefits will be fully payable upon retirement or termination.

Masonicare also provides other postretirement health care benefits for retired employees. Employees may become eligible for health care benefits if they retire after attaining specified age and service requirements while they worked for Masonicare. The cost of such benefits is accrued during an employee's years of service. Generally, Masonicare pays a portion (or all) of the plan costs and the retirees pay premiums based on age and services at retirement. Employees hired after December 31, 1999 are not eligible for postretirement health benefits. During September 2009, the Board of Trustees voted to amend the medical plan. As part of the amendment to the medical plan, certain retiree contributions will increase and the medical plan will no longer be available to future retirees hired prior to January 1, 2000.

Masonicare
Notes to the Consolidated Financial Statements
As of and for the Years Ended September 30, 2012 and 2011

Note 10 - Pension and Other Postretirement Benefits (continued)

The valuation dates are September 30, 2012 and 2011 and pertinent information relating to these plans is as follows:

	Pension Benefits		Other Postretirement Benefits	
	2012	2011	2012	2011
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 33,317,167	\$ 30,786,389	\$ 4,024,294	\$ 4,341,037
Participant contributions	-	-	46,475	52,174
Service cost	216,476	198,277	10,184	31,467
Interest cost	1,443,318	1,474,719	179,039	214,202
Actuarial loss (gain)	4,437,481	2,402,272	269,521	(363,527)
Benefits paid	(1,746,965)	(1,544,490)	(257,879)	(251,059)
Benefit obligation at end of year	<u>\$ 37,667,477</u>	<u>\$ 33,317,167</u>	<u>\$ 4,271,634</u>	<u>\$ 4,024,294</u>
Change in plan assets:				
Fair value of plan assets at beginning of year	\$ 17,405,433	\$ 17,869,788	\$ -	\$ -
Actual return on plan assets	2,730,217	(895,402)	-	-
Employer contribution	2,015,014	1,975,537	211,404	198,885
Participant contribution	-	-	46,475	52,174
Benefits paid	(1,746,965)	(1,544,490)	(257,879)	(251,059)
Fair value of plan assets at end of year	<u>\$ 20,403,699</u>	<u>\$ 17,405,433</u>	<u>\$ -</u>	<u>\$ -</u>
Accrued liability	<u>\$ (17,263,778)</u>	<u>\$ (15,911,734)</u>	<u>\$ (4,271,634)</u>	<u>\$ (4,024,294)</u>

Significant assumptions are as follows as of September 30, 2012 and 2011:

	Pension Benefits		Other Postretirement Benefits	
	2012	2011	2012	2011
Weighted average assumptions:				
Discount rate on Qualified Plan	4.60%	5.10%	4.60%	5.10%
Discount rate on Supplemental Executive Retirement Plan	2.50%	2.60%	N/A	N/A
Expected return on plan assets	7.00%	7.70%	N/A	N/A
Rate of compensation increase	5.00%*	5.00%*	N/A	N/A
Health care cost trend rate:				
Initial health care cost trend rate	N/A	N/A	7.50%	8.00%
Ultimate health care cost trend rate	N/A	N/A	5.00%	5.00%
Number of years to ultimate rate	N/A	N/A	4 years	5 years

* Relates to Supplemental Executive Retirement Plan only.

The discount rate is the rate at which obligations could be effectively settled and is based on high-grade bond yields after allowing for call and default risk. The expected rate of return on assets for the defined benefit pension plan is determined by adding expected inflation to expected long-term returns. The salary increase rate is a long-term rate based on current expectations of future pay increases.

Masonicare
Notes to the Consolidated Financial Statements
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Note 10 - Pension and Other Postretirement Benefits (continued)

The health care cost trend rate assumption has a significant effect on the amounts reported. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1-Percentage Point Increase	1-Percentage Point Decrease
Effect on total of service and interest cost components	\$ 10,700	\$ (9,600)
Effect on postretirement benefit obligation	\$ 272,000	\$ (243,000)

Components of net periodic benefit costs are as follows for the years ended September 30, 2012 and 2011:

	Pension Benefits		Other Postretirement Benefits	
	2012	2011	2012	2011
Service cost	\$ 216,476	\$ 198,277	\$ 10,184	\$ 31,467
Interest cost	1,443,318	1,474,719	179,039	214,202
Expected return on plan assets	(1,184,862)	(1,336,087)	-	-
Amortization of prior service cost	-	-	(436,572)	(436,572)
Actuarial loss recognized	1,132,484	783,099	117,391	159,064
	<u>\$ 1,607,416</u>	<u>\$ 1,120,008</u>	<u>\$ (129,958)</u>	<u>\$ (31,839)</u>

Amounts recorded in unrestricted net assets as of September 30, 2012, not yet amortized as components of net periodic benefit costs are as follows:

Unamortized prior service credit	\$ (3,227,582)
Unamortized actuarial loss	<u>19,969,952</u>
Amount recognized as a reduction in unrestricted net assets	<u>\$ 16,742,370</u>

The amortization of the above items expected to be recognized in net periodic costs for the year ended September 30, 2013 is \$971,749.

Masonicare
Notes to the Consolidated Financial Statements
As of and for the Years Ended September 30, 2012 and 2011

Note 10 - Pension and Other Postretirement Benefits (continued)

The fair values of Masonicare's pension plan assets as of September 30, by asset category classified as Level 1, 2 and 3 as defined in Note 18 are as follows:

<u>2012</u>	<u>Total</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Cash, cash equivalents and interest receivable	\$ 739,943	\$ 739,943	\$ -	\$ -
Equity securities:				
Consumer discretionary	306,557	306,557	-	-
Consumer staples	278,801	278,801	-	-
Energy	288,859	288,859	-	-
Financials	526,916	526,916	-	-
Health Care	377,921	377,921	-	-
Industrials	299,330	299,330	-	-
Information technology	524,705	524,705	-	-
Materials	62,861	62,861	-	-
Utilities	40,169	40,169	-	-
Other	649,015	649,015	-	-
Corporate bond:				
Industrial	17,430	-	17,430	-
Mutual and other equity funds	16,291,192	16,291,192	-	-
	<u>\$ 20,403,699</u>	<u>\$ 20,386,269</u>	<u>\$ 17,430</u>	<u>\$ -</u>

Masonicare
Notes to the Consolidated Financial Statements
As of and for the Years Ended September 30, 2012 and 2011

Note 10 - Pension and Other Postretirement Benefits (continued)

<u>2011</u>	<u>Total</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Cash, cash equivalents and interest receivable	\$ 714,353	\$ 714,353	\$ -	\$ -
Equity securities:				
Consumer discretionary	312,714	312,714	-	-
Consumer staples	276,224	276,224	-	-
Energy	307,334	307,334	-	-
Financials	498,892	498,892	-	-
Health Care	334,619	334,619	-	-
Industrials	365,808	365,808	-	-
Information technology	544,689	544,689	-	-
Materials	105,395	105,395	-	-
Utilities	44,083	44,083	-	-
Other	747,064	747,064	-	-
Corporate bond:				
Industrial	16,609	-	16,609	-
Mutual and other equity funds	13,137,649	13,137,649	-	-
	<u>\$ 17,405,433</u>	<u>\$ 17,388,824</u>	<u>\$ 16,609</u>	<u>\$ -</u>

The investment objectives for the defined benefit pension plan is to obtain a favorable relative return for the entire fund, consistent with preservation of capital emphasizing some income generation and long-term growth. While some risk is warranted pursuing long-term growth of capital, consistent annual returns with low volatility in investment performance are desirable.

Masonicare expects to contribute approximately \$1,814,558 to its pension plan, \$348,000 to its postretirement plan and \$350,000 to its supplemental executive retirement plan in fiscal year 2013. The costs and related obligations of the supplemental executive retirement plan are included within the pension benefit tables set forth above.

Masonicare
Notes to the Consolidated Financial Statements
As of and for the Years Ended September 30, 2012 and 2011

Note 10 - Pension and Other Postretirement Benefits (continued)

The following benefit payments, which reflect expected future service, are expected to be paid as follows:

	Pension Benefits	Other Postretirement Benefits
2013	\$ 3,369,000	\$ 303,000
2014	\$ 3,585,000	\$ 334,000
2015	\$ 3,021,000	\$ 348,000
2016	\$ 1,984,000	\$ 363,000
2017	\$ 2,734,000	\$ 372,000
Thereafter	\$ 13,163,000	\$ 1,636,000

Masonicare offers to substantially all of its employees a defined contribution plan with various investment options. To be eligible, an employee must have completed 90 days of service and be at least 21 years old. Total defined contribution pension expense was \$1,477,458 and \$1,088,169 for the years ended September 30, 2012 and 2011, respectively.

MHC also offers a non-qualified pension plan with accrued benefit costs of \$0 and \$975 for 2012 and 2011, respectively. These costs and related obligations are not included in the tables set forth above.

Note 11 - Entrance Fees

MAV residents are provided living accommodations, other facilities and services and certain medical care in exchange for payment of entrance fees and monthly service charges. Deferred entry fee revenue represents the amount of unamortized initial entry fees paid by residents of MAV. Deferred entry fee revenue amounts are amortized to income on a straight-line basis over the shorter of the estimated remaining residential life expectancies of the individual residents or the maximum refund period.

Refundable entry fees are refundable in the event of termination of the Residency Agreement or upon the resident's death (up to 96 months) at a declining rate based on length of stay as provided by the Residency Agreements. Residential life expectancies are determined annually by reference to appropriate actuarial tables.

Based upon MAV's existing fee structure and management's expectation that future monthly service charges will be reflective of related operating costs, MAV is not required to record a liability for its obligation to provide future services and facilities to current residents.

Note 12 - Third-Party Payer Reimbursement

Masonicare has agreements with third-party payers that provide for payments to MHC, MAN, MHH&H and Masonicare Partners Home Health & Hospice at amounts different from their established rates.

Masonicare
Notes to the Consolidated Financial Statements
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Note 12 - Third-Party Payer Reimbursement (continued)

A summary of the payment arrangements with major third-party payers follows:

Medicare - Services rendered to Medicare program beneficiaries are reimbursed under a variety of reimbursement methodologies. The acute care beds of MHC are reimbursed on a Diagnostic Related Group (DRG) Prospective Payment System (PPS) methodology. Reimbursement amounts differ based on diagnosis and acuity level. The geriatric medical psychiatric beds of MHC began being paid on the Inpatient Psychiatric Facility Prospective Payment System effective October 1, 2005. This new payment system is being phased in over four years. For fiscal year 2012 and 2011, the per discharge payment is based upon a federal and hospital specific blended rate. Services are reimbursed based on patient diagnosis along with clinical and functional factors. The long-term care beds in MHC and MAN are reimbursed using the Resource Utilization Groups (RUGS) PPS methodology. This PPS method reimburses services rendered to Medicare program beneficiaries based on a diagnosis determined through the minimum data set (MDS) evaluation.

Medicare reimburses for outpatient services (non-home health) on either a cost basis or a blend of cost and fee schedules, and to a much larger extent, on a rate per case outpatient prospective payment Ambulatory Payment Classification (APC) system.

Medicare reimburses home health services on a home health PPS methodology. Under home health PPS, an agency receives a fixed amount of reimbursement which covers all services (with a limited number of exceptions) provided to a patient for a specific treatment episode of 60 days. The reimbursement rate is developed based on the clinical, functional, and service needs specific to the individual patient. The prospective rate is wage-adjusted based on where the service is provided as opposed to where the agency is located, and is subject to a variety of final claim adjustments, which modify the payment based on actual utilization and level of clinical and functional severity reported at the end of the episode. Medicare reimburses hospice services on a per diem basis based on level of care.

Medicaid - The Department of Social Services of the State of Connecticut (DSS), the State agency responsible for the administration of the State Medicaid program, is currently applying a prospective rate system in establishing Medicaid rates for its state-aided patients in long-term care facilities. The system categorizes costs into five major groupings and the facilities' actual costs are compared to state maximums and the lower amounts determine reimbursement. The base period used to compute the rates is to be updated every two to four years. The Connecticut legislature has overridden this rebasing and rates continue to be based on 1996 costs, updated by a defined percentage as established by the legislature. This update has consistently been less than the level of inflation. The State of Connecticut is currently reimbursing home health providers for services rendered to Medicaid home health beneficiaries based on fixed fee for service rates. For fiscal year 2010, the State of Connecticut implemented a hospice benefit that is reimbursed on a per diem basis.

DSS had instituted a user fee, which requires all long term care facilities to pay an amount per non-Medicare patient day back to the State. Rates paid to these facilities were adjusted through a formula that was compared to the costs for fiscal year 2003 but capped with a maximum amount of increase. MAN received this maximum amount. MHC was being paid through an interim rate agreed between MHC and the State. Interim rate facilities had rate increases calculated based upon a formula. MHC received the maximum this formula allowed. MAN and MHC were granted special interim rates by the State effective July 1, 2007. These rates are subject to review and adjustment if actual allowable costs are less than the rates paid.

Filing Requirements - Each entity must file annual Medicare and Medicaid cost reports. Masonicare as the corporate parent, files a home office cost report with Medicare in order to define the cost of services to each of the other cost reporting entities. Although there is no direct reimbursement for the home office, the allocated costs to the other cost reporting entities are incorporated into their respective Medicare cost reports.

Masonicare
Notes to the Consolidated Financial Statements
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Note 12 - Third-Party Payer Reimbursement (continued)

As a result of audits by the Medicare and Medicaid intermediaries, the cost reports may be subject to audit adjustments and retroactive settlements. Masonicare has recorded provisions for future audits and related estimated settlement amounts. In the opinion of management, no material adjustments are expected to result from future audit settlements.

Medicare cost reports for MHC have been settled through September 30, 2006 and Medicare cost reports for MAN, MHH&H and Masonicare Partners Home Health and Hospice have been settled through September 30, 2008. The Medicaid cost reports for MHC and MAN have been reviewed by DSS through September 30, 2010. During 2011, DSS initiated a routine full field audit of MHC's 2006 Medicaid cost report. The final results had insignificant adjustments.

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that Masonicare is in compliance with fraud and abuse regulations as well as other applicable governmental laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

Note 13 - Endowments

Masonicare's endowment consists of funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor restrictions.

Masonicare has interpreted the relevant laws as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board of Trustees. Masonicare considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund; (2) the purposes of Masonicare and the donor-restricted endowment fund; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of Masonicare; and (7) the investment policies of Masonicare.

Masonicare
Notes to the Consolidated Financial Statements
As of and for the Years Ended September 30, 2012 and 2011

Note 13 - Endowments (continued)

Temporarily restricted net assets are available for the following purposes at September 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Residual interest trusts not available for Masonicare's purposes until the expiration of the trusts	\$ 1,193,006	\$ 1,133,180
Investments held to support annuity contractual obligations that are not available for Masonicare's purposes until the expiration of income interest	92,474	(62,580)
Support of MAV residents	973,895	860,161
Support for scholarship activities	363,932	179,197
	<u>\$ 2,623,307</u>	<u>\$ 2,109,958</u>

Permanently restricted net assets consist of the following at September 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Investments held in perpetuity, the income from which is dedicated to support Masonicare's activities	\$ 63,101,167	\$ 62,204,521
Investments held in perpetuity, the income from which is dedicated to support annuity contractual obligations	1,785,513	1,657,467
Investments held in perpetuity, the income from which is dedicated to support MHH&H activities	1,177,282	1,177,282
Fair value of perpetual trusts	11,395,472	10,133,298
	<u>\$ 77,459,434</u>	<u>\$ 75,172,568</u>

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or relevant law requires Masonicare to retain as a fund of perpetual duration. Deficiencies of this nature are reported in unrestricted net assets. As of September 30, 2012 and 2011, there were no funds that were below the level required by donor or law.

Return Objectives and Risk Parameters - Masonicare's investment and spending policies for endowment assets attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, Masonicare's investment and spending policies for endowment assets attempts to provide preservation of capital, growth after inflation, capital appreciation and compliance with bond covenants. In addition, the objectives include adequate liquidity with limited volatility.

Masonicare
Notes to the Consolidated Financial Statements
As of and for the Years Ended September 30, 2012 and 2011

Note 13 - Endowments (continued)

Spending Policy - Prior to September 2009 MCF's investment portfolio allocation policy for long-term returns (Spending Policy) provided that the appropriation of funds from principal and or earnings to support annual operational losses of Masonicare. Subsequent to September 2009 and primarily due to unfavorable investment returns within the global equity markets, MCF's Board of Directors and Masonicare's Board of Trustees approved the expenditure of up to \$20 million of invested assets to ensure compliance with Masonicare's bond covenants. As of September 30, 2012 and 2011, \$13,015,592 is due to the permanent endowment assets for this appropriation. None of the \$20 million appropriated has been expended as of September 30, 2012 and 2011.

For fiscal periods beginning October 1, 2009 Masonicare's Spending Policy is to support Masonicare's strategic plan initiatives and operational objectives by making available a minimum of 0% up to maximum of up to 23.5% annually of the 3 year rolling average of the unrestricted portfolio's market value measured as of May 31st. The annual percentage allocation may only exceed 0% in years that the unrestricted investment portfolio's market value has not incurred a decline from the prior year market value as measured as of May 31st. To comply with this Spending Policy the Investment Committee provides recommendations of the annual percentage allocation to the Board of Trustees based on its evaluation of management's proposal for how the appropriated funds will be utilized including consideration of the projected impact on the investment portfolio. Management presents its proposals at the beginning of each year's internal budget process. Additional requests may be submitted by management to the Investment Committee for evaluation at other times during the year due to timing or extraordinary circumstances for recommendation to the Board of Trustees. The Board of Trustees also approves additional amounts to be withdrawn from funds which are restricted to certain uses pursuant to donor stipulation that are subject to appropriation and expenditure for the relevant specified uses.

Masonicare
Notes to the Consolidated Financial Statements
As of and for the Years Ended September 30, 2012 and 2011

Note 13 - Endowments (continued)

Changes in endowment net assets for the years ended September 30, 2012 and 2011 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance at October 1, 2010	\$ 77,431,690	\$ 2,330,714	\$ 74,483,749	\$ 154,246,153
Investment return:				
Investment income	9,333,194	207,358	(344,266)	9,196,286
Net change in market value	(10,513,560)	(224,467)	(98,753)	(10,836,780)
Change in annuity obligations	-	(126,924)	(242,560)	(369,484)
Contributions	2,052,994	55,725	1,374,398	3,483,117
Released for capital acquisitions	-	(132,448)	-	(132,448)
Net settlements on swap collateral and line of credit	(6,356,304)	-	-	(6,356,304)
Line of credit reserve	(2,000,000)	-	-	(2,000,000)
Operations support and settlements	(3,450,000)	-	-	(3,450,000)
Other changes	(155,963)	-	-	(155,963)
Balance at October 1, 2011	66,342,051	2,109,958	75,172,568	143,624,577
Investment return:				
Investment income	6,063,200	191,211	1,476,676	7,731,087
Net change in market value	14,838,789	414,055	339,039	15,591,883
Change in annuity obligations	-	(79,848)	(264,792)	(344,640)
Contributions	3,203,974	101,223	735,943	4,041,140
Released for capital acquisitions	-	(113,292)	-	(113,292)
Net settlements on swap collateral and line of credit	11,536,034	-	-	11,536,034
Operations support and settlements	(5,635,173)	-	-	(5,635,173)
Affiliate allocated investment income	1,555,992	-	-	1,555,992
Other changes	(394,543)	-	-	(394,543)
Balance at September 30, 2012	<u>\$ 97,510,324</u>	<u>\$ 2,623,307</u>	<u>\$ 77,459,434</u>	<u>\$ 177,593,065</u>

Masonicare
Notes to the Consolidated Financial Statements
As of and for the Years Ended September 30, 2012 and 2011

Note 14 - Concentrations of Credit Risk

MHC, MAN, MHH&H and Masonicare Partners Home Health and Hospice grant credit without collateral to certain patients, most of whom are insured under third-party payer agreements. The composition of patient and resident receivables before allowances for doubtful accounts consists of the following at September 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Medicare	34 %	41 %
Medicaid	46	38
Private pay and other	<u>20</u>	<u>21</u>
	<u>100 %</u>	<u>100 %</u>

Note 15 - Income Taxes

Masonicare, MHC, Keystone, MCF, MAN, MAV and MHH&H qualify as tax-exempt corporations under Section 501(c)(3) of the Internal Revenue Code. MMS is a taxable corporation. Income tax expense was immaterial for the years ended September 30, 2012 and 2011.

Masonicare accounts for income taxes in accordance with FASB ASC 740, "*Income Taxes*". FASB ASC 740 is an asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the tax and financial reporting basis of certain assets and liabilities.

Masonicare accounts for uncertain tax positions in accordance with certain provisions of FASB ASC 740, which provides a framework for how companies should recognize, measure, present and disclose uncertain tax positions in their financial statements. Under FASB ASC 740, Masonicare may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under FASB ASC 740, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Masonicare did not record any unrecognized tax benefits for the years ended September 30, 2012 and 2011. Masonicare anticipates that it will not have a change in unrecognized tax benefits during the next twelve months that would have a material impact on the consolidated financial statements.

Masonicare's policy is to recognize interest and penalties related to income taxes as a component of general and administrative expenses. As of September 30, 2012 and 2011 and for the years then ended, Masonicare did not record any penalties or interest associated with unrecognized tax benefits.

All U.S. federal tax years from 2009 onwards are eligible for audit by the IRS.

Masonicare
Notes to the Consolidated Financial Statements
As of and for the Years Ended September 30, 2012 and 2011

Note 16 - Functional Expenses

Masonicare provides health and social care services to the aging population, primarily residents of Connecticut. Expenses related to providing these services for the years ended September 30, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Program services	\$ 79,930,551	\$ 71,630,438
Support services	30,703,655	28,084,847
General and administrative	<u>64,687,147</u>	<u>69,025,757</u>
	<u>\$ 175,321,353</u>	<u>\$ 168,741,042</u>

Note 17 - Commitments, Contingencies and Other Obligations

Masonicare is involved in various legal actions arising in the normal course of business. Although the ultimate outcome is not determinable at this time, management, after taking into consideration advice of legal counsel, believes that the resolution of these pending matters will not have a material adverse effect, individually or in the aggregate, upon the consolidated balance sheets and the related consolidated statements of operations, changes in net assets and cash flows.

During March 2005, the FASB issued Interpretation No. 47 which clarifies the term “conditional asset retirement obligation” as used in FASB ASC 410-20, “*Asset Retirement Obligations*”. FASB ASC 410-20 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets such as facilities containing asbestos, when the amount of the liability can be reasonably estimated. Management is currently evaluating the fair market value of its Asset Retirement Obligation (ARO), relating to its various facilities. An ARO liability of \$733,976 and \$706,784 has been established as of September 30, 2012 and 2011, respectively. Management will continue to evaluate its exposure to asbestos removal and adjust the ARO for the fair value of the associated costs.

Note 18 - Fair Values

Effective October 1, 2008 Masonicare adopted FASB ASC 820-10 “*Fair Value Measurements and Disclosures*,” which defines fair value, establishes framework for measuring fair value in accounting principles generally accepted in the United States and expands disclosures about fair value measurements. FASB ASC 820 does not require any new fair value measurements but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information. The new definition of fair value focuses on the price that would be received to sell the asset or paid to transfer the liability, which is referred to as the exit price. The standards provide guidance on how to measure fair value, when required, under existing accounting standards and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels (Level 1, 2 and 3).

Level 1 - Observable inputs that reflect quoted prices for identical assets or liabilities in active markets that Masonicare has the ability to access at the measurement date.

Level 2 - Observable inputs, other than quoted prices included in Level 1, for the asset or liability or prices for similar assets and liabilities.

Masonicare
Notes to the Consolidated Financial Statements
As of and for the Years Ended September 30, 2012 and 2011

Note 18 - Fair Values (continued)

Level 3 - Unobservable inputs reflecting Masonicare's estimates of the assumptions that market participants could use in pricing the asset or liability (including assumptions about risk).

Management determines the appropriate classification of its investments in all securities at the time of purchase and re-evaluates such determination at each balance sheet date. Masonicare has classified its investments in available for sale securities as Level 1, 2 and 3 as follows:

2012	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash, cash equivalents and interest receivable	\$ 7,164,641	\$ 7,164,641	\$ -	\$ -
Equity securities:				
Basic industries	3,407,769	3,407,769	-	-
Communication services	213,313	213,313	-	-
Consumer discretionary	3,182,250	3,182,250	-	-
Consumer staples	1,973,507	1,973,507	-	-
Energy	2,376,473	2,376,473	-	-
Financials	4,989,854	4,989,854	-	-
Health Care	3,440,707	3,440,707	-	-
REITS	180,215	180,215	-	-
Technology	4,363,703	4,363,703	-	-
Utilities	383,079	383,079	-	-
Other assets	3,644,541	3,644,541	-	-
U.S. mutual funds	37,123,343	37,123,343	-	-
International mutual funds	13,292,578	13,292,578	-	-
Other assets	14,846,458	14,846,458	-	-
Fixed income securities:				
U.S. government obligations	1,689,290	1,689,290	-	-
U.S. government agencies	1,088,443	1,088,443	-	-
Corporate bonds - industrial	3,442,262	3,442,262	-	-
Corporate bonds - finance	4,255,930	4,255,930	-	-
Mortgage backed securities	6,014,298	6,014,298	-	-
Municipal bonds	122,516	122,516	-	-
Taxable bond fund	24,471,944	24,471,944	-	-
Other assets	1,476,224	1,476,224	-	-
Perpetual interest trusts	11,395,472	11,395,472	-	-
Residual interest trusts	1,755,237	-	1,755,237	-
Other invested assets	3,308,766	1,672,006	1,621,760	15,000
Total	\$ 159,602,813	\$ 156,210,816	\$ 3,376,997	\$ 15,000

Masonicare
Notes to the Consolidated Financial Statements
As of and for the Years Ended September 30, 2012 and 2011

Note 18 - Fair Values (continued)

<u>2011</u>	<u>Total</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Cash, cash equivalents and interest receivable	\$ 13,522,870	\$ 13,522,870	\$ -	\$ -
Equity securities:				
Basic industries	3,433,994	3,433,994	-	-
Communication services	305,834	305,834	-	-
Consumer discretionary	2,551,146	2,551,146	-	-
Consumer staples	1,722,930	1,722,930	-	-
Energy	1,805,545	1,805,545	-	-
Financials	3,759,421	3,759,421	-	-
Health Care	2,796,657	2,796,657	-	-
REITS	87,380	87,380	-	-
Technology	3,372,874	3,372,874	-	-
Utilities	342,276	342,276	-	-
Other assets	3,926,026	3,926,026	-	-
U.S. mutual funds	25,434,106	25,434,106	-	-
International mutual funds	15,081,206	15,081,206	-	-
Other assets	18,746,929	18,746,929	-	-
Fixed income securities:				
U.S. government obligations	707,195	707,195	-	-
U.S. government agencies	490,923	490,923	-	-
Corporate bonds - industrial	1,728,480	1,728,480	-	-
Corporate bonds - finance	1,526,433	1,526,433	-	-
Mortgage backed securities	3,141,471	3,141,471	-	-
Taxable bond fund	6,447,445	6,447,445	-	-
Other assets	5,314,932	5,314,932	-	-
Perpetual interest trusts	10,133,298	10,133,298	-	-
Residual interest trusts	1,628,518	-	1,628,518	-
Other invested assets	2,229,524	286,468	1,921,256	21,800
Total	<u>\$ 130,237,413</u>	<u>\$ 126,665,839</u>	<u>\$ 3,549,774</u>	<u>\$ 21,800</u>

Investment in Investment Companies, carried at cost, are excluded from the above and amount to \$19,860,933 and \$24,119,625 as of September 30, 2012 and 2011, respectively.

Masonicare
Notes to the Consolidated Financial Statements
As of and for the Years Ended September 30, 2012 and 2011

Note 18 - Fair Values (continued)

The following table provides a summary of changes in the fair value of Masonicare's interest rate swap liability, classified as Level 3, for the year ended September 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Beginning balance at October 1	\$ 20,902,212	\$ 17,596,118
Total realized and unrealized (gains) losses Included in earnings	<u>(17,945)</u>	<u>3,306,094</u>
Ending balance at September 30	<u>\$ 20,884,267</u>	<u>\$ 20,902,212</u>

The fair value of the interest rate swap liability is based on information provided by Merrill Lynch. The fair value estimate considers the underlying notional debt principal amounts and the current interest rates paid by Masonicare and Merrill Lynch under the swap contract.

The following methods and assumptions were used by Masonicare in estimating the fair value of its other financial instruments:

Cash and Cash Equivalents - The carrying amount reported in the consolidated balance sheets for cash and cash equivalents approximates its fair value.

Long-Term Debt - Fair values of Masonicare's long-term debt are based on current traded value. The fair value of the long-term debt approximates the carrying amount reported in the consolidated balance sheets as of September 30, 2012 and 2011.

Receivables and Payables - The fair value of receivables and payables approximates the carrying amount reported in the consolidated balance sheets as of September 30, 2012 and 2011.

Note 19 - Supplemental Cash Flow Information

	<u>2012</u>	<u>2011</u>
Cash paid during the year for interest	<u>\$ 3,115,918</u>	<u>\$ 2,916,380</u>

Note 20 - Subsequent Events

Subsequent events have been evaluated through January 3, 2013, the date through which procedures were performed to prepare the consolidated financial statements for issuance. Management believes there are no subsequent events having a material impact on the financial statements.

Masonicare
Notes to the Consolidated Financial Statements
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Note 21 - Derivatives

Masonicare uses derivative instruments, specifically an interest rate swap, to manage its exposure to changes in the interest rate on its CHEFA Series C variable rate bond as further described in Note 6. The use of derivative instruments exposes Masonicare to additional risks related to this derivative instrument, including market risk, credit risk and termination risk as described below. Masonicare has defined risk management practices to mitigate these risks, as appropriate.

On April 4, 2012 Masonicare restructured the interest rate swap agreement with Merrill Lynch. The interest rate swap was divided into four separate transactions, adding three additional swap providers. The interest rate swap restructuring allowed Masonicare to reduce its cash collateral posting requirements by increasing the overall thresholds. In addition, at the close of the transaction, Merrill Lynch returned \$9,400,000 of outstanding collateral.

Masonicare and Merrill Lynch (A-, Baa1) executed an amendment to the existing Swap Agreement which included a new threshold amount of \$7,000,000. Masonicare and Merrill Lynch also executed and amended the existing Confirmation that eliminated cash flows, which started accruing on April 4, 2012 through July 1, 2020. As a result of such amendment, Masonicare paid an upfront payment to Merrill Lynch of \$14,134,000 and the current fixed rate will be adjusted from 3.76% to 3.854% starting on July 1, 2020.

Masonicare and Wells Fargo Bank (AA-, Aa3) executed an interest rate swap effective April 4, 2012 through April 3, 2019 (7 years) based on 47.5% of the outstanding notional amount for the first five years and 75% for the last two years. The transaction included an upfront payment from Wells Fargo Bank to Masonicare which was used to pay Merrill Lynch for a partial amendment on the identical notional schedule of the next 7 years. Wells Fargo Bank agreed to a \$7,500,000 collateral threshold.

Masonicare and PNC Bank (A, A2) executed an interest rate swap effective April 4, 2012 through April 5, 2017 (5 years) based on 27.5% of the outstanding notional amount during this time period. Such transaction included an upfront payment from PNC Bank to Masonicare, which was used to pay Merrill Lynch for a partial termination on the identical notional schedule of the next 5 years. PNC Bank agreed to a \$3,500,000 collateral threshold.

Masonicare and Deutsche Bank (A+, Aa3) executed an interest rate swap effective April 4, 2012 through July 1, 2020 (8.25 years) based on 25% of the outstanding notional for the first seven years and 100% for the remaining life of the swap. Such transaction included an upfront payment from Deutsche Bank to Masonicare, which was used to pay Merrill Lynch for a partial termination on the identical notional schedule. Deutsche Bank agreed to a \$5,000,000 collateral threshold.

Market risk represents the potential adverse effect on the fair value and cash flow of a derivative instrument due to changes in interest rates or rate spreads. Market risk is managed through ongoing monitoring of interest rate exposure based on set parameters regarding the type and degree of market risk that Masonicare will accept. Credit risk is the risk that the counterparties on a derivative instrument may be unable to perform its obligation during the term of the contract. When the fair value of a derivative contract is positive, the counterparties owe Masonicare, which creates credit risk. Credit risk is managed by setting stringent requirements for qualified counterparties at the date of execution of a derivative transaction and requiring counterparties to post collateral in the event of a credit rating downgrade or if the fair value of the derivative contract exceeds a negotiated threshold.

Masonicare
Notes to the Consolidated Financial Statements
As of and for the Years Ended September 30, 2012 and 2011

Note 21 - Derivatives (continued)

Termination risk represents the risk that Masonicare may be required to make a significant payment to the counterparties, if the derivative contract is terminated early. Termination risk is assessed at onset by performing a statistical analysis of the potential for a significant termination payment under various scenarios designed to encompass expected interest rate changes over the life of the proposed contract. The test measures the ability to make a termination payment without a significant impairment to Masonicare's ability to meet its debts or liquidity covenants.

In connection with the issuance of the CHEFA Series C bonds, Masonicare entered into an interest rate swap agreement (swap agreement) as detailed above to synthetically fix the interest payment. Under the swap agreement, Masonicare makes fixed payments to the counterparties to the swap agreement and receives variable rate payments equal to 67% of the monthly LIBOR rate, which was approximately .22% and .17% as of September 30, 2012 and 2011, respectively. The difference between the actual variable rate on the debt and the rate of 67% of LIBOR is recorded by Masonicare as an increase or decrease of interest expense depending on the relationship of the rate of 67% of LIBOR to the actual variable rate on the debt. The fair value of the interest rate swap (a liability of \$20,884,267 and \$20,902,214 as of September 30, 2012 and 2011, respectively) has been recorded in the accompanying consolidated balance sheets as a long-term liability. The swap agreement expires on July 1, 2037 and is secured by \$720,000 and \$10,546,034 of assets as of September 30, 2012 and 2011, respectively, under trust with the swap counterparties.

Management has not designated the swap agreement as a hedging instrument. The change in fair value of the interest rate swap agreement of \$17,945 and (\$3,306,094) for the years ended September 30, 2012 and 2011, respectively, is recorded in the consolidated statements of operations as a component of non-operating income.

Masonicare Consolidating Balance Sheet September 30, 2012

	Masonicare	Masonicare Health Center	The Masonic Charity Foundation of Connecticut, Inc.	Masonicare at Norwalk, Inc.	Masonicare at Ashlar Village, Inc.	Home Health Care Services*	Eliminations	Subtotal Obligated Group	Keystone Indemnity Company, Ltd.	Masonic Management Services, Inc.	Eliminations	Total
Assets												
Current assets:												
Cash and cash equivalents	\$ 2,432,349	\$ 3,386	\$ 18,275	\$ 200	\$ 7,365	\$ 2,950	\$ -	\$ 2,464,925	\$ 519,438	\$ 100	\$ -	\$ 2,984,483
Restricted cash	-	-	-	-	681,779	-	-	681,779	-	-	-	681,779
Patient accounts receivable, net	-	14,386,017	-	-	1,492,874	7,038,016	-	27,122,014	-	63,896	-	27,185,910
Other receivables	2,987,499	2,520	(393)	4,315,107	1,391,650	48,146	-	4,429,422	398,989	27,630	-	4,856,041
Inventories	-	201,304	-	-	20,556	-	-	293,970	-	-	-	293,970
Prepaid expenses and other current assets	182,535	270,883	29,176	96,045	91,932	244,533	-	915,104	57,419	102	-	972,625
Assets whose use is limited or restricted - required for current liabilities and operating purposes	3,280,000	-	405,053	-	-	-	-	3,685,053	-	-	-	3,685,053
Total current assets	8,892,583	14,864,310	452,111	4,383,062	3,686,556	7,323,645	-	39,592,267	975,866	91,728	-	40,659,861
Assets whose use is limited or restricted:												
By Board of Trustees	-	-	97,510,324	-	-	1,542,864	(1,542,864)	97,510,324	-	-	-	97,510,324
Under patient asset management, trust agreements and patient escrow accounts	-	638,861	-	42,840	-	-	-	681,701	-	-	-	681,701
Under indenture agreement - held by Trustees	839,352	-	-	-	-	-	-	839,352	-	-	-	839,352
Under trust for estimated self-insurance liabilities	334,319	-	-	-	-	-	-	334,319	10,698,400	-	-	11,032,719
Under trust for interest rate swap obligation	720,000	-	-	-	-	-	-	720,000	-	-	-	720,000
By donors for specific purposes	-	-	3,533,558	-	-	-	-	3,533,558	-	-	-	3,533,558
By donors for permanent endowment funds	-	-	65,146,092	-	-	-	-	65,146,092	-	-	-	65,146,092
Total assets whose use is limited or restricted	1,893,671	638,861	166,189,974	42,840	-	1,542,864	(1,542,864)	168,765,346	10,698,400	-	-	179,463,746
Less: Assets whose use is limited or restricted - required for current liabilities and operating purposes	(3,280,000)	-	(405,053)	-	-	-	-	(3,685,053)	-	-	-	(3,685,053)
Non-current assets whose use is limited or restricted	(1,386,329)	638,861	165,784,921	42,840	-	1,542,864	(1,542,864)	165,080,293	10,698,400	-	-	175,778,693
Property and equipment, net	12,932,859	31,206,968	102,076	8,972,838	88,880,098	1,242,432	-	143,337,291	-	144,511	-	143,481,802
Unamortized financing costs	1,806,337	10,925	11,547	8,726	68,831	-	-	1,906,366	-	-	-	1,906,366
Recoveries of estimated insurance liabilities insured through commercial policies	428,056	-	-	-	-	-	-	428,056	-	-	-	428,056
Investment in subsidiaries	26,582,018	-	-	-	-	-	(21,174,159)	5,407,860	-	-	(5,407,860)	-
Total assets	\$ 49,245,524	\$ 46,721,064	\$ 166,350,655	\$ 13,407,486	\$ 92,635,485	\$ 10,108,941	\$ (23,717,022)	\$ 355,752,133	\$ 11,674,266	\$ 236,239	\$ (5,407,860)	\$ 362,254,778

* Home Health Care Services include the accounts of Masonicare Home Health & Hospice and Masonicare Partners Home Health & Hospice.

See accompanying Independent Auditors' Report.

Masonicare
Consolidating Balance Sheet (continued)
September 30, 2012

	Masonicare	Masonicare Health Center	The Masonic Charity Foundation of Connecticut, Inc.	Masonicare at Newtown, Inc.	Masonicare at Ashlar Village, Inc.	Home Health Care Services*	Eliminations	Subtotal Obligated Group	Keystone Indemnity Company, Ltd.	Masonic Management Services, Inc.	Eliminations	Total
Liabilities and Net Assets (Deficit)												
Current liabilities:												
Current maturities of long-term debt	\$ 2,435,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,435,000	\$ -	\$ -	\$ -	\$ 2,435,000
Accounts payable and accrued expenses	1,119,010	2,277,856	89,747	1,053,812	1,043,807	2,828,866	-	8,413,098	52,103	73,323	-	8,538,324
Accrued salaries and related expenses	1,354,445	1,957,345	53,056	573,993	313,077	1,941,818	-	6,194,332	-	428,516	-	6,622,848
Accrued pension and postretirement benefits, current portion	2,512,558	-	-	-	-	-	-	2,512,558	-	-	-	2,512,558
Estimated self-insurance liabilities, current portion	1,172,640	-	-	-	-	-	-	1,172,640	-	-	-	1,172,640
Estimated settlements due to third-party payers	1,369,590	480,772	-	27,955	125,504	2,203,043	-	4,206,864	-	-	-	4,206,864
Amortized payable, current portion	-	-	388,049	-	-	-	-	388,049	-	-	-	388,049
Refundable entry fees, current portion	-	-	-	-	1,350,310	-	-	1,350,310	-	-	-	1,350,310
Deferred patient service and other revenues	-	72,253	-	-	1,404,491	1,273,974	-	2,750,718	-	-	-	2,750,718
Deposits	1,097	171,192	-	269,562	1,155,675	-	-	1,597,526	-	-	-	1,597,526
Total current liabilities	9,964,340	4,959,416	530,852	1,925,322	5,393,464	8,247,701	-	31,021,095	52,103	501,839	-	31,575,037
Assets held for patient asset management, trust agreements and patient escrow accounts												
Asset retirement obligation	-	624,011	-	34,854	-	-	-	658,865	-	-	-	658,865
Estimated insurance liabilities insured through commercial policies	-	656,027	-	77,949	-	-	-	733,976	-	-	-	733,976
Estimated self-insurance liabilities, net of current portion	428,056	-	-	-	-	-	-	428,056	-	-	-	428,056
Long-term debt, net of current maturities	4,331,112	-	-	-	-	-	-	4,331,112	6,215,303	-	-	10,546,415
	104,245,000	-	-	-	-	-	-	104,245,000	-	-	-	104,245,000
Total liabilities	158,875,629	6,239,454	2,668,683	2,038,125	47,077,263	8,247,701	-	225,146,855	6,267,406	501,839	-	231,916,100
Net assets (deficit):												
Unrestricted	(109,630,105)	40,481,610	83,599,231	11,369,361	45,538,222	2,264,107	(22,717,022)	50,925,404	5,406,860	(265,600)	(5,407,860)	50,658,804
Non-controlling interest in consolidated subsidiary	-	-	-	-	-	(402,867)	-	(402,867)	-	-	-	(402,867)
Total unrestricted net assets	(109,630,105)	40,481,610	83,599,231	11,369,361	45,538,222	1,861,240	(22,717,022)	50,522,537	5,406,860	(265,600)	(5,407,860)	50,253,937
Temporarily restricted	-	-	2,623,307	-	-	-	-	2,623,307	-	-	-	2,623,307
Permanently restricted	-	-	77,459,434	-	-	-	-	77,459,434	-	-	-	77,459,434
Total net assets (deficit)	(109,630,105)	40,481,610	163,681,972	11,369,361	45,538,222	1,861,240	(22,717,022)	130,605,278	5,406,860	(265,600)	(5,407,860)	130,338,678
Total liabilities and net assets (deficit)	\$ 49,245,524	\$ 46,721,064	\$ 166,350,655	\$ 13,407,486	\$ 92,635,485	\$ 10,108,941	\$ (22,717,022)	\$ 355,752,133	\$ 11,674,266	\$ 236,239	\$ (5,407,860)	\$ 362,254,778

* Home Health Care Services include the accounts of Masonicare Home Health & Hospice and Masonicare Partners Home Health & Hospice.

See accompanying Independent Auditors' Report.

Masonicare Consolidating Balance Sheet September 30, 2011

	Masonicare	Masonicare Health Center	The Masonic Charity Foundation of Connecticut, Inc.	Masonicare at Newtown, Inc.	Masonicare at Ashlar Village, Inc.	Home Health Care Services*	Eliminations	Subtotal Obligated Group	Keystone Indemnity Company, Ltd.	Masonic Management Services, Inc.	Eliminations	Total
Assets												
Current assets:												
Cash and cash equivalents	\$ 1,900,403	\$ 2,070	\$ 44,062	\$ 1,052	\$ 1,800	\$ 2,950	\$ -	\$ 1,952,317	\$ 599,092	\$ 100	\$ -	\$ 2,551,509
Restricted cash	2,003,590	-	-	-	1,265,968	-	-	3,269,558	-	-	-	3,269,558
Patient accounts receivable, net	-	10,754,834	-	2,852,137	1,637,255	6,744,284	-	21,988,510	-	57,057	-	22,045,567
Other receivables	1,827,757	103,919	1,659,315	6,365	1,675,152	30,682	-	5,203,190	9,758	18,084	-	5,331,032
Inventories	-	184,919	-	82,972	20,956	-	-	288,847	-	-	-	288,847
Prepaid expenses and other current assets	97,032	279,337	36,214	100,377	87,906	252,474	-	853,340	38,559	-	-	891,899
Assets whose use is limited or restricted - required for current liabilities and operating purposes	3,280,000	-	405,284	-	-	-	-	3,685,284	-	-	-	3,685,284
Total current assets	9,108,782	11,325,079	2,144,875	3,042,883	4,689,037	7,030,390	-	37,341,046	647,409	75,241	-	38,063,696
Assets whose use is limited or restricted:												
By Board of Trustees	-	-	66,342,051	-	-	1,753,057	(1,753,057)	66,342,051	-	-	-	66,342,051
Under patient asset management, trust agreements and patient escrow accounts	-	437,460	-	33,883	-	-	-	471,343	-	-	-	471,343
Under indenture agreement - held by Trustees	595,887	-	-	-	-	-	-	595,887	-	-	-	595,887
Under trust for estimated self-insurance liabilities	995,741	-	-	-	-	-	-	995,741	8,600,832	-	-	9,596,573
Under trust for interest rate swap obligation	10,546,034	-	-	-	-	-	-	10,546,034	-	-	-	10,546,034
By donors for specific purposes	-	-	2,961,060	-	-	-	-	2,961,060	-	-	-	2,961,060
By donors for permanent endowment funds	-	-	63,844,090	-	-	-	-	63,844,090	-	-	-	63,844,090
Total assets whose use is limited or restricted	12,137,662	437,460	133,147,201	33,883	-	1,753,057	(1,753,057)	145,756,206	8,600,832	-	-	154,357,038
Less: Assets whose use is limited or restricted - required for current liabilities and operating purposes	(3,280,000)	-	(405,284)	-	-	-	-	(3,685,284)	-	-	-	(3,685,284)
Non-current assets whose use is limited or restricted	8,857,662	437,460	132,741,917	33,883	-	1,753,057	(1,753,057)	142,070,922	8,600,832	-	-	150,671,754
Property and equipment, net	13,407,228	32,885,228	120,652	9,597,274	90,553,367	1,189,270	-	147,253,019	-	158,449	-	147,411,468
Unamortized financing costs	1,742,731	12,893	13,083	9,830	79,007	-	-	1,857,544	-	-	-	1,857,544
Investment in subsidiaries	26,582,019	-	-	-	-	-	(23,441,452)	3,140,567	-	-	(3,140,567)	-
Total assets	\$ 59,698,422	\$ 44,160,660	\$ 135,020,527	\$ 12,683,870	\$ 95,321,411	\$ 9,972,717	\$ (25,194,509)	\$ 331,663,098	\$ 9,248,241	\$ 235,600	\$ (3,140,567)	\$ 338,004,462

* Home Health Care Services include the accounts of Masonicare Home Health & Hospice and Masonicare Partners Home Health & Hospice.

See accompanying Independent Auditors' Report.

Masonicare
Consolidating Balance Sheet (continued)
September 30, 2011

	Masonicare	Masonicare Health Center	The Masonic Charity Foundation of Connecticut, Inc.	Masonicare at Newtown, Inc.	Masonicare at Ashlar Village, Inc.	Home Health Care Services*	Eliminations	Subtotal Obligated Group	Keystone Indemnity Company, Ltd.	Masonic Management Services, Inc.	Eliminations	Total
Liabilities and Net Assets (Deficit)												
Current liabilities:												
Current maturities of long-term debt	\$ 2,335,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,335,000	\$ -	\$ -	\$ -	\$ 2,335,000
Accounts payable and accrued expenses	738,775	2,249,478	97,842	774,400	1,261,541	2,683,001	-	7,805,037	55,722	143,306	-	8,004,065
Accrued salaries and related expenses	1,276,759	1,681,185	53,235	492,610	328,133	1,557,703	-	5,389,625	-	278,615	-	5,668,240
Accrued pension and postretirement benefits, current portion	2,514,652	795	-	-	-	-	-	2,515,447	-	-	-	2,515,447
Estimated self-insurance liabilities, current portion	1,172,640	3,190	-	-	-	-	-	1,175,830	-	-	-	1,175,830
Estimated settlements due to third-party payers	2,284,959	1,192,902	-	27,955	-	2,121,957	-	5,627,813	-	-	-	5,627,813
Aminities payable, current portion	-	-	405,284	-	-	-	-	405,284	-	-	-	405,284
Refundable entry fees, current portion	-	-	-	-	1,206,873	-	-	1,206,873	-	-	-	1,206,873
Deferred patient service and other revenues	-	72,114	-	-	1,529,995	1,288,412	-	2,890,521	-	-	-	2,890,521
Deposits	1,166	167,354	-	204,177	1,113,400	-	-	1,486,097	-	-	-	1,486,097
Total current liabilities	10,323,991	5,367,018	556,361	1,499,142	5,439,942	7,651,073	-	30,837,527	55,722	421,921	-	31,315,170
Accrued pension and postretirement benefits, net of current portion	17,421,556	-	-	-	-	-	-	17,421,556	-	-	-	17,421,556
Interest rate swap liability	20,902,212	-	-	-	-	-	-	20,902,212	-	-	-	20,902,212
Amortization payable, net of current portion	-	-	2,052,022	-	-	-	-	2,052,022	-	-	-	2,052,022
Refundable entry fees, net of current portion	-	-	-	-	30,522,992	-	-	30,522,992	-	-	-	30,522,992
Deferred entry fee revenues	-	-	-	-	11,532,493	-	-	11,532,493	-	-	-	11,532,493
Assets held for patient asset management, trust agreements and patient escrow accounts	-	421,247	-	37,990	-	-	-	459,237	-	-	-	459,237
Asset retirement obligation	-	631,727	-	75,057	-	-	-	706,784	-	-	-	706,784
Estimated self-insurance liabilities, net of current portion	4,706,109	-	-	-	-	-	-	4,706,109	6,052,952	-	-	10,759,061
Long-term debt, net of current maturities	106,095,000	-	-	-	-	-	-	106,095,000	-	-	-	106,095,000
Total liabilities	159,448,868	6,419,992	2,608,383	1,612,189	47,495,427	7,651,073	-	225,235,932	6,108,674	421,921	-	231,766,527
Net assets (deficit):												
Unrestricted	(99,750,446)	37,740,668	55,129,618	11,071,681	47,825,984	2,681,386	(25,194,509)	29,504,382	3,139,567	(188,231)	(3,140,567)	29,315,151
Non-controlling interest in consolidated subsidiary	-	-	-	-	-	(339,422)	-	(339,422)	-	-	-	(339,422)
Total unrestricted net assets	(99,750,446)	37,740,668	55,129,618	11,071,681	47,825,984	2,341,964	(25,194,509)	29,164,960	3,139,567	(188,231)	(3,140,567)	28,955,409
Temporarily restricted	-	-	2,109,958	-	-	-	-	2,109,958	-	-	-	2,109,958
Permanently restricted	-	-	75,172,568	-	-	-	-	75,172,568	-	-	-	75,172,568
Total net assets (deficit)	(99,750,446)	37,740,668	132,412,144	11,071,681	47,825,984	2,341,964	(25,194,509)	106,427,166	3,139,567	(188,231)	(3,140,567)	106,237,915
Total liabilities and net assets (deficit)	\$ 59,698,422	\$ 44,160,660	\$ 135,020,527	\$ 12,683,870	\$ 95,321,411	\$ 9,972,117	\$ (25,194,509)	\$ 331,663,098	\$ 9,248,241	\$ 233,690	\$ (3,140,567)	\$ 338,004,462

* Home Health Care Services include the accounts of Masonicare Home Health & Hospice and Masonicare Partners Home Health & Hospice.

See accompanying Independent Auditors' Report.

Masonicare

Consolidating Statement of Operations

For the Year Ended September 30, 2012

	Masonicare	Masonicare Health Center	The Masonic Charity Foundation of Connecticut, Inc.	Masonicare at Newtown, Inc.	Masonicare at Ashlar Village, Inc.	Home Health Care Services*	Eliminations	Subtotal Obligated Group	Keystone Indemnity Company, Ltd.	Masonic Management Services, Inc.	Eliminations	Total
Operating revenues:												
Net patient service revenues	\$ -	\$ 60,763,079	\$ -	\$ 15,551,776	\$ (469)	\$ 59,982,292	\$ (577,659)	\$ 135,719,019	\$ -	\$ 4,298,053	\$ -	\$ 140,017,072
Resident fees	-	1,962,006	-	-	16,489,308	-	-	18,451,314	-	-	-	18,451,314
Other revenues	1,248,671	1,943,180	80,644	3,987,821	8,628,371	480,140	(1,547,370)	14,821,457	871,273	766,666	(2,151,812)	14,307,584
Total operating revenues	1,248,671	64,668,265	80,644	19,539,597	25,117,210	60,462,432	(2,125,029)	168,991,790	871,273	5,064,719	(2,151,812)	172,775,970
Operating expenses:												
Salaries and wages	9,013,883	30,916,107	503,963	9,418,753	4,817,584	33,399,254	-	88,069,544	-	4,800,225	-	92,869,769
Employee benefits	2,450,856	11,067,016	118,628	3,182,485	1,371,819	8,376,938	-	26,567,742	-	819,762	-	27,387,504
Supplies and other services	2,129,599	9,433,804	1,450,522	3,043,666	2,876,309	5,942,757	(2,027,259)	22,848,798	(140,651)	520,094	(1,261,142)	21,967,099
Professional fees	1,006,677	5,526,126	164,149	2,781,687	3,387,193	5,512,971	(97,770)	18,181,033	165,968	897,458	(890,670)	18,353,789
Depreciation and amortization	1,254,532	2,787,239	59,958	1,150,097	4,576,848	254,566	-	10,083,180	-	32,072	-	10,115,252
Interest	175,059	701,959	226,040	253,281	2,303,548	-	-	3,859,887	-	-	-	3,859,887
Provision for bad debts	(800,000)	1,268,984	-	100,984	-	198,085	-	768,053	-	-	-	768,053
Management fee	(7,469,945)	2,859,324	47,507	927,584	613,267	2,671,500	-	(350,763)	-	350,763	-	-
Total operating expenses	7,760,661	64,560,559	2,570,767	20,857,937	20,046,568	56,356,011	(2,125,029)	170,027,474	25,317	7,420,574	(2,151,812)	175,321,535
(Loss) income from operations	(6,511,990)	107,706	(2,490,123)	(1,318,340)	5,070,642	4,106,421	-	(1,035,684)	845,956	(2,355,655)	-	(2,545,383)
Non-operating income:												
Contributions	-	-	3,203,974	-	-	-	-	3,203,974	-	-	-	3,203,974
Investment income	2,851	-	5,084,070	-	1,556,565	-	-	6,643,486	285,551	-	-	6,929,037
Changes in fair value of interest rate swap agreement	17,945	-	-	-	-	-	-	17,945	-	-	-	17,945
Total non-operating income	20,796	-	8,388,044	-	1,556,565	-	-	9,865,405	285,551	-	-	10,150,956
Excess of revenues (under) over expenses	(6,491,194)	107,706	5,797,921	(1,318,340)	6,627,207	4,106,421	-	8,829,721	1,131,507	(2,355,655)	-	7,605,573
Loss attributable to non-controlling interest in consolidated subsidiary	-	-	-	-	-	43,125	-	43,125	-	-	-	43,125
Excess of revenues (under) over expenses of Masonicare	\$ (6,491,194)	\$ 107,706	\$ 5,797,921	\$ (1,318,340)	\$ 6,627,207	\$ 4,149,546	\$ -	\$ 8,872,846	\$ 1,131,507	\$ (2,355,655)	\$ -	\$ 7,648,698

* Home Health Care Services include the accounts of Masonicare Home Health & Hospice and Masonicare Partners Home Health & Hospice.

See accompanying Independent Auditors' Report.

Masonicare Consolidating Statement of Operations For the Year Ended September 30, 2011

	Masonicare	Masonicare Health Center	The Masonic Charity Foundation of Connecticut, Inc.	Masonicare at Newtown, Inc.	Masonicare at Ashlar Village, Inc.	Home Health Care Services*	Eliminations	Subtotal Obligated Group	Keystone Indemnity Company, Ltd.	Masonic Management Services, Inc.	Eliminations	Total
Operating revenues:												
Net patient service revenues	\$ -	\$ 60,668,018	\$ -	\$ 15,861,921	\$ (31)	\$ 56,816,348	\$ (547,561)	\$ 132,798,695	\$ -	\$ 4,155,779	\$ -	\$ 136,954,474
Resident fees	-	1,915,214	-	-	16,326,588	-	-	18,241,802	-	-	-	18,241,802
Other revenues	8,408,829	1,369,977	119,970	3,843,180	8,158,795	559,472	(9,683,866)	12,776,417	1,100,000	719,938	(810,603)	13,785,752
Total operating revenues	8,408,829	63,353,209	119,970	19,705,101	24,485,352	57,375,820	(10,231,367)	163,816,914	1,100,000	4,875,717	(810,603)	168,982,028
Operating expenses:												
Salaries and wages	8,613,851	30,091,383	442,387	9,610,485	4,798,225	31,992,791	-	85,549,122	-	4,107,695	-	89,656,817
Employee benefits	1,803,455	9,915,239	87,583	2,820,396	1,345,044	7,881,429	-	23,753,146	-	695,054	-	24,448,200
Supplies and other services	1,923,804	9,001,013	1,461,855	2,793,302	2,865,092	5,277,204	(1,156,237)	22,168,013	887,022	430,752	(8,243)	23,477,544
Professional fees	1,189,621	5,806,808	173,886	2,971,241	3,523,674	5,437,402	(2,181,643)	16,920,989	157,935	889,460	(498,069)	17,470,315
Depreciation and amortization	1,248,460	2,732,987	26,350	1,162,736	4,208,018	296,647	-	9,675,198	-	12,606	-	9,687,804
Interest	135,511	559,904	170,731	189,177	1,873,363	-	-	2,928,686	-	403	-	2,929,089
Provision for bad debts	-	711,270	-	171,219	-	144,267	-	1,026,756	-	44,517	-	1,071,273
Management fee	-	2,776,286	40,494	918,332	619,726	2,538,629	(6,893,467)	-	-	304,291	(304,291)	-
Total operating expenses	14,916,702	61,394,890	2,403,286	20,656,888	19,133,142	53,568,369	(10,231,367)	162,021,910	1,044,957	6,484,778	(810,603)	168,741,042
(Loss) income from operations	(6,507,873)	2,358,319	(2,283,316)	(931,787)	5,352,210	3,807,451	-	1,795,004	55,043	(1,609,061)	-	240,986
Non-operating income (expense):												
Contributions	-	-	2,052,994	-	-	-	-	2,052,994	-	-	-	2,052,994
Investment income	1,180	162	8,182,003	-	1,551,784	-	-	9,735,129	669,339	-	-	10,404,468
Changes in fair value of interest rate swap agreement	(3,306,094)	-	-	-	-	-	-	(3,306,094)	-	-	-	(3,306,094)
Total non-operating income (expense)	(3,304,914)	162	10,234,997	-	1,551,784	-	-	8,482,029	669,339	-	-	9,151,368
Excess of revenues (under) over expenses	(9,812,787)	2,358,481	7,951,681	(931,787)	6,903,994	3,807,451	-	10,277,033	724,382	(1,609,061)	-	9,392,354
Gain attributable to non-controlling interest in consolidated subsidiary	-	-	-	-	-	(198,865)	-	(198,865)	-	-	-	(198,865)
Excess of revenues (under) over expenses of Masonicare	\$ (9,812,787)	\$ 2,358,481	\$ 7,951,681	\$ (931,787)	\$ 6,903,994	\$ 3,608,586	\$ -	\$ 10,078,168	\$ 724,382	\$ (1,609,061)	\$ -	\$ 9,193,489

* Home Health Care Services include the accounts of Masonicare Home Health & Hospice and Masonicare Partners Home Health & Hospice.

See accompanying Independent Auditors' Report.

EXHIBIT C

PRO FORMA INCOME STATEMENTS/ACTUARIAL STUDY

Masonicare**Live Home****PROJECTED STATEMENT OF OPERATIONS****FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2014 TO 2018**

	<u>FY 2014 Budget</u>	<u>FY 2015 Estimated</u>	<u>FY 2016 Estimated</u>	<u>FY 2017 Estimated</u>	<u>FY 2018 Estimated</u>
REVENUE					
Monthly Fees (1)	\$ 84,000	99,990	286,226	457,575	635,412
Earned Entry Fee (2)	<u>38,750</u>	<u>9,445</u>	<u>27,791</u>	<u>45,697</u>	<u>66,421</u>
TOTAL REVENUE	<u>122,750</u>	<u>109,435</u>	<u>314,017</u>	<u>503,272</u>	<u>701,833</u>
EXPENSES					
Salaries & Wages (3)	46,942	46,942	48,820	50,772	52,803
Benefits	13,144	13,144	13,670	14,217	14,785
Professional Fees (4)	30,998	117,844	188,258	277,528	390,140
Supplies & Other expenses	31,666	30,000	31,200	32,448	33,746
Depreciation & Amortization	-	-	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>122,750</u>	<u>207,930</u>	<u>281,948</u>	<u>374,965</u>	<u>491,474</u>
Net Income from Operations	-	(98,495)	32,069	128,307	210,359
Investment Income	<u>-</u>	<u>8,409</u>	<u>26,325</u>	<u>48,169</u>	<u>75,400</u>
Net income	<u>\$ -</u>	<u>\$ (90,086)</u>	<u>\$ 58,394</u>	<u>\$ 176,476</u>	<u>\$ 285,759</u>

Notes & Assumptions:

- (1) Fees Increase by 4%
- (2) For 2014 utilized our budget numbers, for years 2015 - 2018 utilized actuary amortized revenue
- (3) Salaries are inflated at a rate of 4% per year
- (4) Professional fees includes a contracted Care Coordinator in yrs 2015-2018

Note: For FY 2014 used Masonicare's current budget, for 2015-2018 utilized numbers from actuary study dated 09-18-2013



CCRC

Actuaries, LLC

Comprehensive Actuarial Study

VALUATION DATE 3/31/13

DRAFT

Report Date: SEPTEMBER 18, 2013

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APPENDIX A – OPEN GROUP PROJECTION

SECTION I — EXECUTIVE SUMMARY

CCRC Actuaries, LLC (“CCRC Actuaries”) was retained by the management of Masonicare to conduct a comprehensive actuarial analysis for its continuing care at home program. Masonicare at Home is a proposed not-for-profit program organized in the state of Connecticut. Masonicare will provide continuing care for members in their own homes for as long as appropriate. When facility-based services such as Residential Healthcare, Assisted Living or Skilled Nursing Care are required, those services will be provided at numerous facilities within the region.

The purpose of the comprehensive actuarial study was to analyze the financial status of the program, the proposed pricing structure, and alternative pricing structures. This comprehensive actuarial study was performed under the guidelines contained in the American Academy of Actuaries’ Actuarial Standard of Practice Number 3, “Practices Relating to Continuing Care Retirement Communities.”

Population Projection

In order to project future member movements through the various levels of care, we first develop demographic assumptions as input to the population projections. These assumptions, which include mortality rates, morbidity rates (permanent and temporary transfer rates) and withdrawal rates (voluntary lapse rates), are then applied to future member populations. The demographic assumptions are based on data collected from Masonicare as well as other industry data.

Once demographic assumptions are developed, we project new member movements through the various levels of care until move-out or death. Member lapses due to death, permanent transfer and voluntary withdrawal are projected. Future members are admitted into the program based on information from management such as expected or budgeted membership. Management provided projected enrollment numbers of two new members per month up to 200 members. The demographic characteristics of these new members are based on information from Masonicare and similar programs in the CCRC Actuaries’ demographic database. Each generation, or year, of new members, are tracked through various levels of care until death. The total member lapses from each generation of members are developed in our projection system. The population projection under the expected scenario is presented in the Appendix.

Actuarial Pricing Analysis

The actuarial pricing analysis develops the expected contractual surplus (deficit) for each contract and for each age of a new member at the time of enrollment to Masonicare. The present value of the membership fee and future monthly maintenance fees and the present value of contractual liabilities are calculated for the new member at each level of care. Contractual liabilities include future refunds and the cost of at home living, assisted living and health care. The actuarial surplus is defined to be the sum of the membership fee and contingent assets such as monthly maintenance fees less the projected expenses for the particular member or couple enrolling in the program. A surplus indicates that the contracts are adequately priced, while a deficit indicates that a deficiency exists.

As a general rule, we recommend that management target contractual pricing to result in at least a 5.0% surplus margin. This surplus is designed to offset adverse experience such as higher than expected transfers to the health care center or higher than expected inflation. It does not represent a profit to Masonicare. Note that in Section V, the percentages next to the dollar amounts represent the surplus as a percentage of the total contractual liabilities as of the enrollment date into Masonicare.

The results of our study are based on estimates of the demographic and economic assumptions of the most likely outcome. Considerable uncertainty and variability are inherent in such estimates. Accordingly, the subsequent emergence of actual member movements and of actual revenues and expenses may not conform to the assumptions used in our analysis. Consequently, the subsequent development of these items may vary considerably from expected results.

Management should scrutinize future developments that may cause the pricing margin to deteriorate. These developments include lower membership levels, higher expense inflation, higher health care utilization and longer life expectancies than assumed in the current projection.

Summary of Findings

- 1) The data and assumptions used for the population and financial projections in the Report form a reasonable basis for the projections. The methods used to produce the projections are consistent with sound actuarial principles and practices as prescribed by the Society of Actuaries and the American Academy of Actuaries.
- 2) The financial projection indicates that Masonicare will show positive annual cash flow throughout the projection period.
- 3) Masonicare requested that the composite pricing be set with a 10% pricing target.

The actuarial pricing analysis for the Option A Contract indicates that these contracts are expected to produce an average surplus of \$6,310 at entry for new residents, which represents a margin of 4.7% of the present value of contractual liabilities.

The actuarial pricing analysis for the Option B Contract indicates that these contracts are expected to produce an average surplus of \$32,337 at entry for new residents, which represents a margin of 24.1% of the present value of contractual liabilities.

The actuarial pricing analysis for the Option C Contract indicates that these contracts are expected to produce an average surplus of \$47,912 at entry for new residents, which represents a margin of 35.8% of the present value of contractual liabilities.

- 4) Given the cash flow projection and actuarial pricing study in this comprehensive actuarial study, Masonicare is in an *adequate financial condition* to meet its obligations.

DRAFT

Dave Bond, F.S.A., M.A.A.A.
Managing Partner

SECTION II — CONTRACT DESCRIPTIONS

Masonicare plans to offer a contract option with the following provisions:

Masonicare	
<u>Type of Service</u>	<u>All Options</u>
Care Coordination	100%
Health Support Services	
Assisted Living Care	100%
Nursing Home Care	100%
Homemaker/Companion	100%
Live-In	100%
HHA/CNA	100%
Transportation	100%
Emergency Response	100%
Home Inspection	100%

The following average service costs were assumed for year 1 of the projection:

<u>Care Services</u>	<u>2014 Costs</u>
Assisted Living Care	\$125/day
Nursing Home Care	\$320/day
Homemaker/Companion	\$23/hour
Live-In	\$185/day
HHA/CNA	\$23/hour
Transportation	\$70/trip
Emergency Response	\$50/month
Home Inspection	\$49/biannual

SECTION III — DEMOGRAPHIC AND FINANCIAL ASSUMPTIONS

Demographic Assumptions

This analysis was conducted separately for single females, single males and couples. The distribution of couples and singles on the chart below reflect expected demographics based on expected experience at Masonicare and historical experience of similar programs.

Distribution of New Homes by Gender/Couple/Age

<u>Type of New Member Home</u>	<u>Assumed Distribution</u>	<u>Male Age</u>	<u>Female Age</u>
Single Male	13%	78	
Single Female	27%		78
Couple	60%	78	74

The following contract distribution was assumed for new members to the program:

<u>Contract Type</u>	<u>Distribution</u>
Option A	42%
Option B	42%
Option C	6%

Financial Assumptions

CCRC Actuaries has assumed that revenue inflation will match the underlying per unit cost inflation. The following inflation rates have been utilized for Masonicare throughout the projection:

	<u>Rate</u>
General Inflation	4.00%
Medical Inflation	4.00%
Membership Fee Inflation	4.00%
Monthly Fee Inflation – at Home	4.00%
Interest Income Rate	5.00%
Discount Rate	4.00%

The following pages present the projection of operating expenses under these assumptions and the projected fill-up schedule.

Operating Expenses
Year Ending December 31

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Salaries above coordinator	\$46,942	\$48,820	\$50,772	\$52,803
Benefits	13,144	13,670	14,217	14,785
Contracted Services	10,880	11,315	11,768	12,239
Purchased Services	3,000	3,120	3,245	3,375
Marketing	30,000	31,200	32,448	33,746
Misc. Resident services	22,485	51,101	78,706	107,238
Off-Site Medical - ALU	768	4,337	11,571	21,931
Off-Site Medical - SNF	272	1,778	5,849	13,688
Care Coordinator	70,000	72,800	75,712	78,740
Assisted Living Care	990	4,156	8,603	14,509
Nursing Home Care	1,037	4,353	9,010	15,195
Homemaker/Companion	473	1,985	4,109	6,931
Live-In	7,096	29,777	61,636	103,949
HHA/CNA	37	154	318	537
Transportation	126	529	1,095	1,847
Emergency Response	648	2,720	5,631	9,497
Home Inspection	<u>32</u>	<u>133</u>	<u>275</u>	<u>464</u>
Care Services Total	\$10,440	\$43,807	\$90,678	\$152,928
Total	\$207,932	\$281,949	\$374,966	\$491,473

Notes

- *"Membership Fees Refunded" are not included as part of the Operating Expenses, and therefore expense totals will not match the cash flow projections.*

SECTION IV — CASH FLOW PROJECTION

Cash Flow Projection

Management provided a fill-up scenario assuming 2 per month up to 200 members. See Appendix A for a detailed population projection. The chart below summarizes the first four years of the projection under the fill-up scenario:

	2 New Members Per Month Fill-Up			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
BOY	0.0	30.7	53.7	75.7
New	31.0	24.0	24.0	24.0
Transfers	0.0	0.2	0.3	0.5
Lapses	0.2	0.9	1.7	2.7
EOY	30.7	53.7	75.7	96.5

The financial projection indicates that Masonicare will show positive annual cash flow throughout the projection period. The cash flow projection is for 30 years and is based on a 4% inflation rate. The cash balances generated are dependent upon these assumptions. The likelihood of matching these results decreases in subsequent years with the uncertainty in projecting inflation.

Financial Forecast
Key Demographic and Facility Assumptions

<u>At Home Members</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Number of at Home Members (Average)	15.4	42.2	64.7	86.1	106.2	125.0	142.4	158.5	173.3	186.7
at Home Single Occupancy	4.0	11.2	17.9	25.0	32.3	65.0	71.2	77.4	83.4	94.5
at Home Couple Occupancy	5.7	15.5	23.4	30.6	36.9	30.0	35.6	40.6	44.9	46.1
Number of Occupied Homes (Average)	9.7	26.7	41.3	55.5	69.3	95.0	106.8	118.0	128.4	140.6
Care Services Members	0.2	0.7	1.4	2.3	3.3	4.3	5.3	6.4	7.4	8.4
<u>Assisted Living</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Lifecare - Permanent	0.0	0.1	0.2	0.4	0.6	0.9	1.1	1.3	1.6	1.8
2nd persons	0.0	0.1	0.2	0.3	0.5	0.6	0.8	0.9	1.0	1.1
Lifecare - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of Occupied ALUs (Average)	0.0	0.1	0.2	0.4	0.6	0.9	1.1	1.3	1.6	1.8
<u>Skilled Nursing</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Lifecare - Permanent	0.0	0.0	0.0	0.1	0.2	0.3	0.3	0.4	0.5	0.6
2nd persons	0.0	0.0	0.0	0.1	0.1	0.2	0.2	0.3	0.3	0.4
Lifecare - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of Occupied SNFs (Average)	0.0	0.0	0.0	0.1	0.2	0.3	0.3	0.4	0.5	0.6
Average Number of Members	15.4	42.3	65.0	86.6	107.0	126.1	143.9	160.3	175.4	189.1
Number of New Homes	19.4	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Number of New Members	31.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0

Financial Forecast
Key Demographic and Facility Assumptions

At Home Members	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Number of at Home Members (Average)	196.5	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0
at Home Single Occupancy	88.2	88.0	90.7	94.6	94.6	94.6	94.6	94.6	94.6	94.6
at Home Couple Occupancy	54.2	56.0	54.7	52.7	52.7	52.7	52.7	52.7	52.7	52.7
Number of Occupied Homes (Average)	142.4	144.0	145.3	147.3	147.3	147.3	147.3	147.3	147.3	147.3
Care Services Members	9.4	10.2	10.9	11.5	12.0	12.4	12.8	13.1	13.3	13.5
Assisted Living	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Lifecare - Permanent	2.0	2.2	2.3	2.5	2.6	2.7	2.7	2.8	2.9	2.9
2nd persons	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.2
Lifecare - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of Occupied ALUs (Average)	2.0	2.2	2.3	2.5	2.6	2.7	2.7	2.8	2.9	2.9
Skilled Nursing	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Lifecare - Permanent	0.7	0.8	0.8	0.9	0.9	0.9	1.0	1.0	1.0	1.0
2nd persons	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4
Lifecare - Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of Occupied SNFs (Average)	0.7	0.8	0.8	0.9	0.9	0.9	1.0	1.0	1.0	1.0
Average Number of Members	199.2	202.9	203.2	203.3	203.5	203.6	203.7	203.8	203.9	204.0
Number of New Homes	12.1	8.5	9.0	9.5	9.9	10.2	10.4	10.7	10.9	11.0
Number of New Members	19.4	13.6	14.4	15.2	15.8	16.3	16.7	17.1	17.4	17.7

Membership Fees		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Membership Fees increase by:			4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Option A											
Age 50		\$5,662	\$5,888	\$6,124	\$6,369	\$6,624	\$6,889	\$7,164	\$7,451	\$7,749	\$8,059
Age 55		5,960	6,198	6,446	6,704	6,972	7,251	7,541	7,843	8,157	8,483
Age 60		9,534	9,915	10,312	10,724	11,153	11,600	12,064	12,546	13,048	13,570
Age 65		15,910	16,546	17,208	17,897	18,612	19,357	20,131	20,936	21,774	22,645
Age 70		22,836	23,749	24,699	25,687	26,715	27,783	28,895	30,051	31,253	32,503
Age 75		29,475	30,654	31,880	33,155	34,482	35,861	37,295	38,787	40,339	41,952
Age 80		34,868	36,263	37,713	39,222	40,791	42,422	44,119	45,884	47,719	49,628
Age 85		38,994	40,554	42,176	43,863	45,617	47,442	49,340	51,313	53,366	55,501
Age 90		42,330	44,023	45,784	47,615	49,520	51,501	53,561	55,703	57,932	60,249
Average Single Membership Fee		\$26,733	\$27,802	\$28,914	\$30,071	\$31,273	\$32,524	\$33,825	\$35,178	\$36,585	\$38,049
Weighted Average Second Person Membership Fee		10,693	11,121	11,566	12,028	12,509	13,010	13,530	14,071	14,634	15,220
Average Couple Membership Fee		37,426	38,923	40,480	42,099	43,783	45,534	47,355	49,250	51,220	53,268
Average Membership Fee		32,224	33,513	34,854	36,248	37,698	39,206	40,774	42,405	44,101	45,865
Option B											
Age 50		\$3,775	\$3,926	\$4,083	\$4,246	\$4,416	\$4,592	\$4,776	\$4,967	\$5,166	\$5,373
Age 55		3,973	4,132	4,298	4,469	4,648	4,834	5,028	5,229	5,438	5,655
Age 60		6,356	6,610	6,875	7,150	7,436	7,733	8,042	8,364	8,699	9,047
Age 65		10,607	11,031	11,472	11,931	12,408	12,905	13,421	13,958	14,516	15,097
Age 70		15,224	15,833	16,466	17,125	17,810	18,522	19,263	20,034	20,835	21,668
Age 75		19,650	20,436	21,253	22,104	22,988	23,907	24,864	25,858	26,892	27,968
Age 80		23,245	24,175	25,142	26,148	27,194	28,282	29,413	30,589	31,813	33,085
Age 85		25,996	27,036	28,117	29,242	30,412	31,628	32,893	34,209	35,577	37,000
Age 90		28,220	29,349	30,523	31,744	33,013	34,334	35,707	37,136	38,621	40,166
Average Single Membership Fee		\$17,822	\$18,535	\$19,276	\$20,047	\$20,849	\$21,683	\$22,550	\$23,452	\$24,390	\$25,366
Weighted Average Second Person Membership Fee		7,129	7,414	7,710	8,019	8,340	8,673	9,020	9,381	9,756	10,146
Average Couple Membership Fee		24,950	25,948	26,986	28,066	29,188	30,356	31,570	32,833	34,146	35,512
Average Membership Fee		21,483	22,342	23,236	24,165	25,132	26,137	27,183	28,270	29,401	30,577
Option C											
Age 50		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Age 55		0	0	0	0	0	0	0	0	0	0
Age 60		0	0	0	0	0	0	0	0	0	0
Age 65		0	0	0	0	0	0	0	0	0	0
Age 70		0	0	0	0	0	0	0	0	0	0
Age 75		0	0	0	0	0	0	0	0	0	0
Age 80		0	0	0	0	0	0	0	0	0	0
Age 85		0	0	0	0	0	0	0	0	0	0
Age 90		0	0	0	0	0	0	0	0	0	0
Average Single Membership Fee		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Weighted Average Second Person Membership Fee		0	0	0	0	0	0	0	0	0	0
Average Couple Membership Fee		0	0	0	0	0	0	0	0	0	0
Average Membership Fee		0	0	0	0	0	0	0	0	0	0

Masonicare Cash Flow

Membership Fees		Membership Fees increase by:									
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
		4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Option A											
Age 50		\$8,381	\$8,716	\$9,065	\$9,428	\$9,805	\$10,197	\$10,605	\$11,029	\$11,470	\$11,929
Age 55		8,822	9,175	9,542	9,924	10,321	10,734	11,163	11,609	12,074	12,557
Age 60		14,113	14,677	15,264	15,875	16,510	17,170	17,857	18,571	19,314	20,087
Age 65		23,551	24,493	25,472	26,491	27,551	28,653	29,799	30,991	32,231	33,520
Age 70		33,803	35,155	36,561	38,024	39,545	41,126	42,771	44,482	46,262	48,112
Age 75		43,630	45,375	47,190	49,078	51,041	53,083	55,206	57,414	59,711	62,099
Age 80		51,613	53,678	55,825	58,058	60,380	62,795	65,307	67,919	70,636	73,462
Age 85		57,721	60,029	62,431	64,928	67,525	70,226	73,035	75,956	78,995	82,154
Age 90		62,659	65,165	67,772	70,483	73,302	76,234	79,283	82,455	85,753	89,183
Average Single Membership Fee		\$39,571	\$41,154	\$42,800	\$44,512	\$46,292	\$48,144	\$50,070	\$52,072	\$54,155	\$56,322
Weighted Average Second Person Membership Fee		15,828	16,461	17,120	17,805	18,517	19,258	20,028	20,829	21,662	22,529
Average Couple Membership Fee		55,399	57,615	59,920	62,316	64,809	67,402	70,098	72,901	75,818	78,850
Average Membership Fee		47,700	49,608	51,592	53,656	55,802	58,034	60,355	62,770	65,280	67,892
Option B											
Age 50		\$5,587	\$5,811	\$6,043	\$6,285	\$6,537	\$6,798	\$7,070	\$7,353	\$7,647	\$7,953
Age 55		5,882	6,117	6,361	6,616	6,881	7,156	7,442	7,740	8,049	8,371
Age 60		9,408	9,785	10,176	10,583	11,007	11,447	11,905	12,381	12,876	13,391
Age 65		15,700	16,328	16,982	17,661	18,367	19,102	19,866	20,661	21,487	22,347
Age 70		22,535	23,437	24,374	25,349	26,363	27,418	28,514	29,655	30,841	32,075
Age 75		29,087	30,250	31,460	32,719	34,027	35,389	36,804	38,276	39,807	41,400
Age 80		34,409	35,785	37,217	38,705	40,253	41,864	43,538	45,280	47,091	48,974
Age 85		38,480	40,020	41,620	43,285	45,017	46,817	48,690	50,638	52,663	54,770
Age 90		41,772	43,443	45,181	46,988	48,868	50,823	52,856	54,970	57,169	59,455
Average Single Membership Fee		\$26,381	\$27,436	\$28,533	\$29,675	\$30,862	\$32,096	\$33,380	\$34,715	\$36,104	\$37,548
Weighted Average Second Person Membership Fee		10,552	10,974	11,413	11,870	12,345	12,838	13,352	13,886	14,441	15,019
Average Couple Membership Fee		36,933	38,410	39,946	41,544	43,206	44,934	46,732	48,601	50,545	52,567
Average Membership Fee		31,800	33,072	34,395	35,770	37,201	38,689	40,237	41,846	43,520	45,261
Option C											
Age 50		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Age 55		0	0	0	0	0	0	0	0	0	0
Age 60		0	0	0	0	0	0	0	0	0	0
Age 65		0	0	0	0	0	0	0	0	0	0
Age 70		0	0	0	0	0	0	0	0	0	0
Age 75		0	0	0	0	0	0	0	0	0	0
Age 80		0	0	0	0	0	0	0	0	0	0
Age 85		0	0	0	0	0	0	0	0	0	0
Age 90		0	0	0	0	0	0	0	0	0	0
Average Single Membership Fee		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Weighted Average Second Person Membership Fee		0	0	0	0	0	0	0	0	0	0
Average Couple Membership Fee		0	0	0	0	0	0	0	0	0	0
Average Membership Fee		0	0	0	0	0	0	0	0	0	0

Monthly Service Fees		Monthly Service Fees increase by:									
		4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Option A											
Age 50	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Age 55	\$500	\$520	\$541	\$562	\$585	\$608	\$633	\$658	\$684	\$712	
Age 60	500	520	541	562	585	608	633	658	684	712	
Age 65	500	520	541	562	585	608	633	658	684	712	
Age 70	500	520	541	562	585	608	633	658	684	712	
Age 75	500	520	541	562	585	608	633	658	684	712	
Age 80	500	520	541	562	585	608	633	658	684	712	
Age 85	500	520	541	562	585	608	633	658	684	712	
Age 90	500	520	541	562	585	608	633	658	684	712	
Average Single Monthly Service Fee	\$500	\$520	\$541	\$562	\$585	\$608	\$633	\$658	\$684	\$712	
Average Couple Monthly Service Fee	825	858	892	928	965	1,004	1,044	1,086	1,129	1,174	
Option B											
Age 50	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Age 55	\$700	\$728	\$757	\$787	\$819	\$852	\$886	\$921	\$958	\$996	
Age 60	700	728	757	787	819	852	886	921	958	996	
Age 65	700	728	757	787	819	852	886	921	958	996	
Age 70	700	728	757	787	819	852	886	921	958	996	
Age 75	700	728	757	787	819	852	886	921	958	996	
Age 80	700	728	757	787	819	852	886	921	958	996	
Age 85	700	728	757	787	819	852	886	921	958	996	
Age 90	700	728	757	787	819	852	886	921	958	996	
Average Single Monthly Service Fee	\$700	\$728	\$757	\$787	\$819	\$852	\$886	\$921	\$958	\$996	
Average Couple Monthly Service Fee	\$1,075	1,118	1,163	1,209	1,258	1,308	1,360	1,415	1,471	1,530	
Option C											
Age 50	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Age 55	\$900	\$936	\$973	\$1,012	\$1,053	\$1,095	\$1,139	\$1,184	\$1,232	\$1,281	
Age 60	900	936	973	1,012	1,053	1,095	1,139	1,184	1,232	1,281	
Age 65	900	936	973	1,012	1,053	1,095	1,139	1,184	1,232	1,281	
Age 70	900	936	973	1,012	1,053	1,095	1,139	1,184	1,232	1,281	
Age 75	900	936	973	1,012	1,053	1,095	1,139	1,184	1,232	1,281	
Age 80	900	936	973	1,012	1,053	1,095	1,139	1,184	1,232	1,281	
Age 85	900	936	973	1,012	1,053	1,095	1,139	1,184	1,232	1,281	
Age 90	900	936	973	1,012	1,053	1,095	1,139	1,184	1,232	1,281	
Average Single Monthly Service Fee	\$900	\$936	\$973	\$1,012	\$1,053	\$1,095	\$1,139	\$1,184	\$1,232	\$1,281	
Average Couple Monthly Service Fee	\$1,325	1,378	1,433	1,490	1,550	1,612	1,676	1,743	1,813	1,886	

Monthly Service Fees		Monthly Service Fees increase by:									
		4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Option A		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Age 50		\$740	\$770	\$801	\$833	\$866	\$900	\$936	\$974	\$1,013	\$1,053
Age 55		740	770	801	833	866	900	936	974	1,013	1,053
Age 60		740	770	801	833	866	900	936	974	1,013	1,053
Age 65		740	770	801	833	866	900	936	974	1,013	1,053
Age 70		740	770	801	833	866	900	936	974	1,013	1,053
Age 75		740	770	801	833	866	900	936	974	1,013	1,053
Age 80		740	770	801	833	866	900	936	974	1,013	1,053
Age 85		740	770	801	833	866	900	936	974	1,013	1,053
Age 90		740	770	801	833	866	900	936	974	1,013	1,053
Average Single Monthly Service Fee		\$740	\$770	\$801	\$833	\$866	\$900	\$936	\$974	\$1,013	\$1,053
Average Couple Monthly Service Fee		1,221	1,270	1,321	1,374	1,429	1,486	1,545	1,607	1,671	1,738
Option B		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Age 50		\$1,036	\$1,078	\$1,121	\$1,166	\$1,212	\$1,261	\$1,311	\$1,364	\$1,418	\$1,475
Age 55		1,036	1,078	1,121	1,166	1,212	1,261	1,311	1,364	1,418	1,475
Age 60		1,036	1,078	1,121	1,166	1,212	1,261	1,311	1,364	1,418	1,475
Age 65		1,036	1,078	1,121	1,166	1,212	1,261	1,311	1,364	1,418	1,475
Age 70		1,036	1,078	1,121	1,166	1,212	1,261	1,311	1,364	1,418	1,475
Age 75		1,036	1,078	1,121	1,166	1,212	1,261	1,311	1,364	1,418	1,475
Age 80		1,036	1,078	1,121	1,166	1,212	1,261	1,311	1,364	1,418	1,475
Age 85		1,036	1,078	1,121	1,166	1,212	1,261	1,311	1,364	1,418	1,475
Age 90		1,036	1,078	1,121	1,166	1,212	1,261	1,311	1,364	1,418	1,475
Average Single Monthly Service Fee		\$1,036	\$1,078	\$1,121	\$1,166	\$1,212	\$1,261	\$1,311	\$1,364	\$1,418	\$1,475
Average Couple Monthly Service Fee		1,592	1,655	1,721	1,790	1,862	1,936	2,014	2,094	2,178	2,265
Option C		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Age 50		\$1,332	\$1,386	\$1,441	\$1,499	\$1,559	\$1,621	\$1,686	\$1,753	\$1,823	\$1,896
Age 55		1,332	1,386	1,441	1,499	1,559	1,621	1,686	1,753	1,823	1,896
Age 60		1,332	1,386	1,441	1,499	1,559	1,621	1,686	1,753	1,823	1,896
Age 65		1,332	1,386	1,441	1,499	1,559	1,621	1,686	1,753	1,823	1,896
Age 70		1,332	1,386	1,441	1,499	1,559	1,621	1,686	1,753	1,823	1,896
Age 75		1,332	1,386	1,441	1,499	1,559	1,621	1,686	1,753	1,823	1,896
Age 80		1,332	1,386	1,441	1,499	1,559	1,621	1,686	1,753	1,823	1,896
Age 85		1,332	1,386	1,441	1,499	1,559	1,621	1,686	1,753	1,823	1,896
Age 90		1,332	1,386	1,441	1,499	1,559	1,621	1,686	1,753	1,823	1,896
Average Single Monthly Service Fee		\$1,332	\$1,386	\$1,441	\$1,499	\$1,559	\$1,621	\$1,686	\$1,753	\$1,823	\$1,896
Average Couple Monthly Service Fee		1,961	2,039	2,121	2,206	2,294	2,386	2,481	2,581	2,684	2,791

Average Health Care Charges										
Fees increase by:										
Care Costs	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Assisted Living Care	125	130	135	141	146	152	158	164	171	178
Nursing Home Care	320	333	346	360	374	389	405	421	438	455
Homemaker/Companion	23	24	24	25	26	27	29	30	31	32
Live-In	185	192	200	208	216	225	234	243	253	263
HHA/CNA	23	24	24	25	26	27	29	30	31	32
Transportation	70	73	76	79	82	85	89	92	96	100
Emergency Response	50	52	54	56	58	61	63	66	68	71
Home Inspection	176	183	190	198	206	214	223	232	241	251
Off-Site Medical CoPays	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Assisted Living - Private Pay Monthly Average	\$3,805	\$3,957	\$4,115	\$4,280	\$4,451	\$4,629	\$4,814	\$5,007	\$5,207	\$5,415
Assisted Living - Option A	0	0	0	0	0	0	0	0	0	0
Assisted Living - Option B	0	0	0	0	0	0	0	0	0	0
Assisted Living - Option C	0	0	0	0	0	0	0	0	0	0
Skilled Nursing Facility - Private Pay Per Month	\$9,740	\$10,130	\$10,535	\$10,956	\$11,394	\$11,850	\$12,324	\$12,817	\$13,330	\$13,863
Skilled Nursing - Option A	0	0	0	0	0	0	0	0	0	0
Skilled Nursing - Option B	0	0	0	0	0	0	0	0	0	0
Skilled Nursing - Option C	0	0	0	0	0	0	0	0	0	0

Average Health Care Charges		Fees increase by:									
		4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Care Costs		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Assisted Living Care		185	192	200	208	216	225	234	243	253	263
Nursing Home Care		474	493	512	533	554	576	599	623	648	674
Homemaker/Companion		33	35	36	38	39	41	42	44	46	48
Live-In		274	285	296	308	320	333	347	360	375	390
HHA/CNA		33	35	36	38	39	41	42	44	46	48
Transportation		104	108	112	117	121	126	131	136	142	147
Emergency Response		74	77	80	83	87	90	94	97	101	105
Home Inspection		261	271	282	293	305	317	330	343	357	371
Off-Site Medical CoPays		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Assisted Living - Private Pay Monthly Average		\$5,632	\$5,857	\$6,091	\$6,335	\$6,588	\$6,852	\$7,126	\$7,411	\$7,708	\$8,016
Assisted Living - Option A		0	0	0	0	0	0	0	0	0	0
Assisted Living - Option B		0	0	0	0	0	0	0	0	0	0
Assisted Living - Option C		0	0	0	0	0	0	0	0	0	0
Skilled Nursing Facility - Private Pay Per Month		\$14,418	\$14,994	\$15,594	\$16,218	\$16,867	\$17,541	\$18,243	\$18,973	\$19,731	\$20,521
Skilled Nursing - Option A		0	0	0	0	0	0	0	0	0	0
Skilled Nursing - Option B		0	0	0	0	0	0	0	0	0	0
Skilled Nursing - Option C		0	0	0	0	0	0	0	0	0	0

Masonicare Cash Flow

<u>Investment Income</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Beginning Assets	\$0	\$336,376	\$716,641	\$1,210,127	\$1,805,871	\$2,497,539	\$3,337,747	\$4,273,818	\$5,303,963	\$6,327,996
1/2 Annual Operating Activity	163,983	176,969	222,659	260,172	292,042	347,163	372,891	395,351	366,617	387,007
Investment Income Rate	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Sub-total Investment Income	8,199	25,667	46,965	73,515	104,896	142,235	185,532	233,458	283,529	335,750
Interest on Interest	210	658	1,204	1,885	2,690	3,647	4,757	5,986	7,270	8,609
Investment Income	8,409	26,325	48,169	75,400	107,585	145,882	190,289	239,444	290,799	344,359
Ending Assets	<u>\$336,376</u>	<u>\$716,641</u>	<u>\$1,210,127</u>	<u>\$1,805,871</u>	<u>\$2,497,539</u>	<u>\$3,337,747</u>	<u>\$4,273,818</u>	<u>\$5,303,963</u>	<u>\$6,327,996</u>	<u>\$7,446,369</u>

Medicare Cash Flow

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Investment Income										
Beginning Assets	\$7,446,369	\$8,501,921	\$9,432,820	\$10,367,720	\$11,319,106	\$12,284,047	\$13,268,114	\$14,275,083	\$15,308,868	\$16,374,067
1/2 Annual Operating Activity	328,422	241,265	219,943	204,607	187,431	172,632	159,195	147,093	136,563	127,789
Investment Income Rate	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Sub-total Investment Income	388,740	437,159	482,638	528,616	575,327	622,834	671,365	721,109	772,272	825,093
Interest on Interest	9,968	11,209	12,375	13,554	14,752	15,970	17,214	18,490	19,802	21,156
Investment Income	398,707	448,368	495,013	542,170	590,079	638,804	688,580	739,598	792,073	846,249
Ending Assets	\$8,501,921	\$9,432,820	\$10,367,720	\$11,319,106	\$12,284,047	\$13,268,114	\$14,275,083	\$15,308,868	\$16,374,067	\$17,475,894

Masonicare Cash Flow

Revenue Projection

Option A

Membership Fees Received
Membership Fees Refunded
Net Membership Fees

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Membership Fees Received	\$261,822	\$210,809	\$219,241	\$228,011	\$237,131	\$246,616	\$256,481	\$266,740	\$277,410	\$288,506
Membership Fees Refunded	(277)	(1,012)	(1,616)	(2,168)	(2,639)	(3,018)	(3,284)	(3,457)	(3,577)	(3,717)
Net Membership Fees	\$261,545	\$209,797	\$217,625	\$225,843	\$234,492	\$243,599	\$253,197	\$263,283	\$273,832	\$284,789

Option B

Membership Fees Received
Membership Fees Refunded
Net Membership Fees

Membership Fees Received	\$174,548	\$140,539	\$146,161	\$152,007	\$158,087	\$164,411	\$170,987	\$177,827	\$184,940	\$192,337
Membership Fees Refunded	(184)	(674)	(1,078)	(1,445)	(1,759)	(2,012)	(2,189)	(2,304)	(2,385)	(2,478)
Net Membership Fees	\$174,363	\$139,865	\$145,083	\$150,562	\$156,328	\$162,399	\$168,798	\$175,522	\$182,555	\$189,859

Option C

Membership Fees Received
Membership Fees Refunded
Net Membership Fees

Membership Fees Received	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Membership Fees Refunded	0	0	0	0	0	0	0	0	0	0
Net Membership Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

At Home Monthly Fees
At Home Services Co-Pays
Assisted Living Co-Pays
Skilled Nursing Co-Pays
Ancillary and Other Income
Investment Income
Total Revenues

At Home Monthly Fees	\$99,990	\$286,226	\$457,575	\$635,412	\$818,355	\$1,057,893	\$1,247,680	\$1,439,973	\$1,634,069	\$1,842,293
At Home Services Co-Pays	0	0	0	0	0	0	0	0	0	0
Assisted Living Co-Pays	0	0	0	0	0	0	0	0	0	0
Skilled Nursing Co-Pays	0	0	0	0	0	0	0	0	0	0
Ancillary and Other Income	0	0	0	0	0	0	0	0	0	0
Investment Income	8,402	26,325	48,169	75,400	107,585	145,882	190,282	239,444	290,799	344,359
Total Revenues	\$544,308	\$662,213	\$868,452	\$1,087,217	\$1,316,760	\$1,609,772	\$1,859,964	\$2,118,223	\$2,381,255	\$2,661,300

Cash Provided by Finance Activities

Total Cash Inflow

Total Cash Inflow	\$544,308	\$662,213	\$868,452	\$1,087,217	\$1,316,760	\$1,609,772	\$1,859,964	\$2,118,223	\$2,381,255	\$2,661,300
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Expense Projection

Salaries above coordinator
Benefits
Contracted Services
Purchased Services
Marketing
Misc. Resident services
Off-Site Medical - ALU
Off-Site Medical - SNF

Salaries above coordinator	\$46,942	\$48,820	\$50,772	\$52,803	\$54,916	\$57,112	\$59,397	\$61,772	\$64,243	\$66,813
Benefits	13,144	13,670	14,217	14,785	15,377	15,992	16,631	17,297	17,988	18,708
Contracted Services	10,880	11,315	11,768	12,239	12,728	13,237	13,767	14,317	14,890	15,486
Purchased Services	3,000	3,120	3,245	3,375	3,510	3,650	3,796	3,948	4,106	4,270
Marketing	30,000	31,200	32,448	33,746	35,096	36,500	37,960	39,478	41,057	42,699
Misc. Resident services	22,485	51,101	78,706	107,238	136,440	166,139	196,229	226,599	257,148	287,795
Off-Site Medical - ALU	768	4,337	11,571	21,931	34,655	48,893	64,624	80,849	97,351	115,111
Off-Site Medical - SNF	272	1,778	5,849	13,688	24,865	37,655	51,220	66,460	83,158	100,062

Care Coordinator

Care Coordinator	70,000	72,800	75,712	78,740	81,890	85,166	88,572	92,115	191,600	199,264
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Assisted Living Care
Nursing Home Care
Homemaker/Companion
Live-In
HHHA/CNA
Transportation
Emergency Response
Home Inspection

Assisted Living Care	990	4,156	8,603	14,509	21,405	28,958	37,162	46,037	55,566	65,721
Nursing Home Care	1,037	4,353	9,010	15,195	22,417	30,327	38,919	48,213	58,193	68,828
Homemaker/Companion	473	1,985	4,109	6,931	10,225	13,833	17,752	21,991	26,543	31,394
Live-In	7,096	29,777	61,636	103,949	153,358	207,468	266,248	329,832	398,104	470,860
HHHA/CNA	37	154	318	537	792	1,071	1,374	1,703	2,055	2,430
Transportation	126	529	1,095	1,847	2,724	3,686	4,730	5,859	7,072	8,364
Emergency Response	648	2,720	5,631	9,497	14,011	18,954	24,324	30,133	36,370	43,017
Home Inspection	32	133	275	464	685	927	1,189	1,473	1,778	2,103

Interest

Interest	0	0	0	0	0	0	0	0	0	0
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Principal Repayment

Principal Repayment	0	0	0	0	0	0	0	0	0	0
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Capital Expenditures

Capital Expenditures	0	0	0	0	0	0	0	0	0	0
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Total Cash Outflow

Total Cash Outflow	\$207,932	\$281,949	\$374,966	\$491,473	\$625,092	\$769,565	\$923,893	\$1,088,077	\$1,357,222	\$1,542,926
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Net Cash Flow

Net Cash Flow	\$336,376	\$380,264	\$493,487	\$595,744	\$691,668	\$840,207	\$936,071	\$1,030,146	\$1,024,032	\$1,118,374
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Cumulative Cash Flow

Cumulative Cash Flow	336,376	716,641	1,210,127	1,805,871	2,497,539	3,337,747	4,273,818	5,303,963	6,327,996	7,446,369
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Amortization of Entrance Fees

Amortization of Entrance Fees	9,445	27,791	45,697	66,427	89,369	114,421	143,378	174,610	207,898	242,998
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Masonicare Cash Flow

Revenue Projection										
Option A	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Membership Fees Received	\$242,505	\$176,475	\$195,351	\$213,319	\$230,529	\$247,430	\$264,262	\$281,024	\$297,645	\$314,068
Membership Fees Refunded	(3,804)	(3,702)	(3,469)	(3,291)	(3,185)	(3,161)	(3,224)	(3,371)	(3,582)	(3,821)
Net Membership Fees	\$238,701	\$172,773	\$191,882	\$210,028	\$227,343	\$244,269	\$261,038	\$277,653	\$294,062	\$310,247
Option B										
Membership Fees Received	\$161,670	\$117,650	\$130,234	\$142,213	\$153,686	\$164,954	\$176,175	\$187,349	\$198,430	\$209,378
Membership Fees Refunded	(2,536)	(2,468)	(2,313)	(2,194)	(2,124)	(2,108)	(2,149)	(2,247)	(2,388)	(2,547)
Net Membership Fees	\$159,134	\$115,182	\$127,921	\$140,019	\$151,562	\$162,846	\$174,025	\$185,102	\$196,042	\$206,831
Option C										
Membership Fees Received	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Membership Fees Refunded	0	0	0	0	0	0	0	0	0	0
Net Membership Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
At Home Monthly Fees	\$1,988,352	\$2,099,365	\$2,190,762	\$2,289,804	\$2,381,396	\$2,476,652	\$2,575,718	\$2,678,746	\$2,785,896	\$2,897,332
At Home Services Co-Pays	0	0	0	0	0	0	0	0	0	0
Assisted Living Co-Pays	0	0	0	0	0	0	0	0	0	0
Skilled Nursing Co-Pays	0	0	0	0	0	0	0	0	0	0
Ancillary and Other Income	0	0	0	0	0	0	0	0	0	0
Investment Income	398,707	448,368	495,013	542,170	590,079	638,804	688,580	739,598	792,073	846,249
Total Revenues	2,784,894	2,835,689	3,005,578	3,182,021	3,350,380	3,522,571	3,699,361	3,881,100	4,068,073	4,260,659
Cash Provided by Finance Activities	0	0	0	0	0	0	0	0	0	0
Total Cash Inflow	\$2,784,894	\$2,835,689	\$3,005,578	\$3,182,021	\$3,350,380	\$3,522,571	\$3,699,361	\$3,881,100	\$4,068,073	\$4,260,659
Expense Projection										
Salaries above coordinator	\$69,486	\$72,265	\$75,156	\$78,162	\$81,288	\$84,540	\$87,921	\$91,438	\$95,096	\$98,900
Benefits	19,456	20,235	21,044	21,886	22,761	23,672	24,618	25,603	26,627	27,692
Contracted Services	16,105	16,749	17,419	18,116	18,841	19,594	20,378	21,193	22,041	22,923
Purchased Services	4,441	4,618	4,803	4,995	5,195	5,403	5,619	5,844	6,077	6,321
Marketing	44,407	46,184	48,031	49,952	51,950	54,028	56,189	58,437	60,774	63,205
Misc. Resident services	313,513	330,161	344,041	358,375	373,189	388,534	404,452	420,973	438,124	455,926
Off-Site Medical - ALU	133,863	152,803	170,909	187,838	203,885	219,529	235,085	250,759	266,841	283,147
Off-Site Medical - SNF	117,258	134,983	152,652	169,048	183,813	197,556	211,252	225,061	238,719	252,435
Care Coordinator	207,234	215,524	224,145	233,110	242,435	252,132	262,217	272,706	283,614	294,959
Assisted Living Care	76,239	86,456	96,058	105,230	114,046	122,721	131,368	139,968	148,474	156,857
Nursing Home Care	79,843	90,543	100,599	110,204	119,437	128,522	137,578	146,584	155,493	164,273
Homemaker/Companion	36,418	41,298	45,885	50,266	54,478	58,622	62,752	66,860	70,923	74,928
Live-In	546,216	619,416	688,210	753,923	817,089	879,240	941,193	1,002,804	1,063,748	1,123,812
HHA/CNA	2,819	3,197	3,552	3,892	4,218	4,538	4,858	5,176	5,491	5,801
Transportation	9,703	11,003	12,226	13,393	14,515	15,619	16,720	17,814	18,967	19,964
Emergency Response	49,902	56,589	62,874	68,878	74,648	80,326	85,986	91,615	97,183	102,670
Home Inspection	2,440	2,767	3,074	3,367	3,649	3,927	4,204	4,479	4,751	5,019
Interest	0	0	0	0	0	0	0	0	0	0
Principal Repayment	0	0	0	0	0	0	0	0	0	0
Capital Expenditures	0	0	0	0	0	0	0	0	0	0
Total Cash Outflow	\$1,729,342	\$1,904,790	\$2,070,678	\$2,230,636	\$2,385,439	\$2,538,504	\$2,692,392	\$2,847,315	\$3,002,875	\$3,158,832
Net Cash Flow	\$1,055,552	\$930,899	\$934,900	\$951,385	\$964,941	\$984,067	\$1,006,969	\$1,033,783	\$1,065,199	\$1,101,827
Cumulative Cash Flow	8,501,921	9,432,820	10,367,720	11,319,106	12,284,047	13,268,114	14,275,083	15,308,868	16,374,067	17,475,894
Amortization of Entrance Fees	275,519	298,862	302,094	307,985	316,220	326,545	338,776	352,758	368,341	385,379

SECTION V — PRICING ANALYSIS

Cash Flow Projection

The financial projection indicates that Masonicare will show positive annual cash flow throughout the projection period. The cash flow projection is for 30 years and is based on projected inflation rates. The cash balances generated are dependent upon these assumptions. The likelihood of matching these results decreases in subsequent years with the uncertainty in projecting inflation.

Pricing Analysis

The following charts list pricing results at five-year age intervals.

Option A:

<u>Age</u>	<u>Membership</u>	<u>Monthly</u>	<u>Single Result</u>		<u>Couple Result</u>	
	<u>Fees</u>	<u>Fees</u>	<u>Surplus</u>	<u>Margin</u>	<u>Surplus</u>	<u>Margin</u>
55	5,960	500	17,578	12.6%	8,621	3.6%
60	9,534	500	15,669	12.4%	5,960	2.7%
65	15,910	500	14,740	12.9%	3,891	2.0%
70	22,836	500	13,716	13.5%	1,822	1.0%
75	29,475	500	12,481	13.7%	1	0.0%
80	34,868	500	10,235	12.5%	(2,123)	-1.5%
85	38,994	500	7,913	10.5%	(3,315)	-2.6%
90	42,330	500	6,876	9.9%	(2,128)	-1.8%
Weighted Average All Ages: \$6,310; 4.7%						

**Note that for this plan couple membership fees are equal to 40% of the single fees and monthly fees are equal to 65% of the single fees.*

Option B:

<u>Age</u>	<u>Membership</u>	<u>Monthly</u>	<u>Single Result</u>		<u>Couple Result</u>	
	<u>Fees</u>	<u>Fees</u>	<u>Surplus</u>	<u>Margin</u>	<u>Surplus</u>	<u>Margin</u>
55	3,973	700	75,765	54.5%	78,926	32.8%
60	6,356	700	65,355	51.8%	65,683	30.0%
65	10,607	700	54,399	47.9%	50,952	25.8%
70	15,224	700	43,127	42.5%	35,961	20.3%
75	19,650	700	32,270	35.5%	22,108	13.9%
80	23,245	700	21,689	26.5%	9,650	6.8%
85	25,996	700	12,615	16.8%	150	0.1%
90	28,220	700	6,409	9.3%	(5,058)	-4.4%
Weighted Average All Ages: \$32,337; 24.1%						

**Note that for this plan couple membership fees are equal to 40% of the single fees and monthly fees are equal to 54% of the single fees.*

Option C:

<u>Age</u>	<u>Membership</u>	<u>Monthly</u>	<u>Single Result</u>		<u>Couple Result</u>	
	<u>Fees</u>	<u>Fees</u>	<u>Surplus</u>	<u>Margin</u>	<u>Surplus</u>	<u>Margin</u>
55	-	900	132,002	95.0%	146,325	60.9%
60	-	900	111,923	88.8%	120,885	55.3%
65	-	900	88,850	78.4%	90,592	45.9%
70	-	900	65,057	64.2%	59,519	33.7%
75	-	900	42,393	46.8%	30,596	19.3%
80	-	900	21,693	26.5%	5,324	3.8%
85	-	900	4,491	6.0%	(14,394)	-11.3%
90	-	900	(8,004)	-11.7%	(27,554)	-23.9%
Weighted Average All Ages: \$47,912; 35.8%						

**Note that for this plan couple monthly fees are equal to 47% of the single fees.*

APPENDIX A

OPEN GROUP PROJECTION

OPEN GROUP PROJECTION

Page 1 of Appendix A gives an overview of the residency in the various levels of care:

- Number of member and number of homes reflect current membership. The density ratio is a measure how many homes are occupied by couples (e.g. for 2014 a density ratio of 1.59 means that 59% of units are occupied by couples.) Homes released is the number of homes that leave the program due to death, transfer or withdrawal. New home membership is the initial # of homes sold per year.

- For assisted and skilled nursing, the chart shows the number of members receiving assisted or skilled nursing care. The final column is the sum of these members plus those at Home members

Masonicare
Open Group Projection

Fiscal Year Ending 12/31	Program Summary						Community Summary										Total Program Membership
	At Home Residence						Assisted Living Unit					Skilled Nursing Facility					
	Number of Members	Number of Homes	Occupancy Rate	Density Ratio	Homes Released	New Home Membership	Care Coordination Member Base	Number of Permanent Members	2nd Person Subset Permanent	Number of Temporary Members	Occupancy Rate	Number of Permanent Members	2nd Person Subset Permanent	Number of Temporary Members	Occupancy Rate	Number of Members	
2014	30.7	19.3	4.8%	1.59	0.1	19.4	0.0	0.0	0.0	0.0	0.0%	0.0	0.0	0.0	0.0%	30.8	
2015	53.7	34.1	8.5%	1.58	0.3	15.0	0.2	0.1	0.1	0.0	0.1%	0.0	0.0	0.0	0.0%	53.9	
2016	75.7	48.5	12.1%	1.56	0.6	15.0	0.4	0.3	0.3	0.0	0.3%	0.1	0.1	0.0	0.1%	76.1	
2017	96.5	62.5	15.6%	1.54	1.0	15.0	1.0	0.5	0.4	0.0	0.5%	0.1	0.1	0.0	0.1%	97.2	
2018	115.9	76.0	19.0%	1.53	1.5	15.0	1.7	0.8	0.6	0.0	0.8%	0.2	0.2	0.0	0.2%	116.9	
2019	134.1	88.9	22.2%	1.51	2.1	15.0	2.4	1.0	0.7	0.0	1.0%	0.3	0.2	0.0	0.3%	135.4	
2020	150.8	101.1	25.3%	1.49	2.8	15.0	3.2	1.2	0.9	0.0	1.2%	0.4	0.3	0.0	0.4%	152.5	
2021	166.3	112.6	28.2%	1.48	3.5	15.0	4.1	1.5	1.0	0.0	1.5%	0.5	0.3	0.0	0.5%	168.2	
2022	180.3	123.4	30.8%	1.46	4.2	15.0	5.0	1.7	1.1	0.0	1.7%	0.6	0.4	0.0	0.6%	182.6	
2023	193.1	133.3	33.3%	1.45	5.0	15.0	6.0	1.9	1.2	0.0	1.9%	0.6	0.4	0.0	0.6%	195.6	
2024	200.0	139.7	34.9%	1.43	5.8	12.1	7.0	2.1	1.2	0.0	2.1%	0.7	0.4	0.0	0.7%	202.8	
2025	200.0	141.5	35.4%	1.41	6.6	8.5	7.9	2.3	1.3	0.0	2.3%	0.8	0.4	0.0	0.8%	203.1	
2026	200.0	143.2	35.8%	1.40	7.3	9.0	8.8	2.4	1.3	0.0	2.4%	0.8	0.5	0.0	0.8%	203.3	
2027	200.0	144.7	36.2%	1.38	8.0	9.5	9.5	2.5	1.3	0.0	2.5%	0.9	0.5	0.0	0.9%	203.4	
2028	200.0	145.9	36.5%	1.37	8.6	9.9	10.1	2.6	1.3	0.0	2.6%	0.9	0.5	0.0	0.9%	203.6	
2029	200.0	146.9	36.7%	1.36	9.2	10.2	10.6	2.7	1.3	0.0	2.7%	1.0	0.5	0.0	1.0%	203.7	
2030	200.0	147.7	36.9%	1.35	9.7	10.4	11.0	2.8	1.3	0.0	2.8%	1.0	0.5	0.0	1.0%	203.8	
2031	200.0	148.3	37.1%	1.35	10.1	10.7	11.4	2.9	1.3	0.0	2.9%	1.0	0.4	0.0	1.0%	203.9	
2032	200.0	148.7	37.2%	1.35	10.5	10.9	11.7	2.9	1.2	0.0	2.9%	1.0	0.4	0.0	1.0%	203.9	
2033	200.0	148.9	37.2%	1.34	10.8	11.0	11.9	3.0	1.2	0.0	3.0%	1.0	0.4	0.0	1.0%	204.0	
2034	200.0	149.1	37.3%	1.34	11.0	11.2	12.0	3.0	1.2	0.0	3.0%	1.0	0.4	0.0	1.0%	204.1	
2035	200.0	149.1	37.3%	1.34	11.2	11.2	12.1	3.0	1.2	0.0	3.0%	1.1	0.4	0.0	1.1%	204.1	
2036	200.0	149.1	37.3%	1.34	11.3	11.3	12.1	3.1	1.2	0.0	3.1%	1.1	0.4	0.0	1.1%	204.1	
2037	200.0	149.0	37.2%	1.34	11.4	11.3	12.2	3.1	1.2	0.0	3.1%	1.1	0.4	0.0	1.1%	204.2	
2038	200.0	148.9	37.2%	1.34	11.5	11.4	12.2	3.1	1.2	0.0	3.1%	1.1	0.4	0.0	1.1%	204.2	
2039	200.0	148.8	37.2%	1.34	11.5	11.4	12.2	3.1	1.2	0.0	3.1%	1.1	0.4	0.0	1.1%	204.2	
2040	200.0	148.6	37.2%	1.35	11.5	11.4	12.1	3.1	1.2	0.0	3.1%	1.1	0.4	0.0	1.1%	204.2	
2041	200.0	148.5	37.1%	1.35	11.5	11.4	12.1	3.1	1.2	0.0	3.1%	1.1	0.4	0.0	1.1%	204.2	
2042	200.0	148.5	37.1%	1.35	11.4	11.3	12.1	3.1	1.2	0.0	3.1%	1.1	0.4	0.0	1.1%	204.2	
2043	200.0	148.4	37.1%	1.35	11.4	11.3	12.1	3.1	1.2	0.0	3.1%	1.1	0.4	0.0	1.1%	204.2	

Masonicare
Open Group Projection

Fiscal Year Ending 12/31	Number of Days In Each Level of Care				
	At Home Residence Days	Assisted Living Unit		Skilled Nursing Facility	
		Permanent Days		Permanent Days	
		Contract Members	2nd Person Subset	Contract Members	2nd Person Subset
2014	5,614	6	5	1	1
2015	15,424	33	28	5	4
2016	23,636	86	68	17	13
2017	31,447	156	121	38	29
2018	38,795	237	177	66	49
2019	45,658	321	232	97	69
2020	52,030	409	285	126	87
2021	57,909	492	331	158	106
2022	63,297	569	370	190	123
2023	68,199	647	406	220	137
2024	71,789	723	437	248	149
2025	73,050	794	462	274	159
2026	73,050	854	476	298	167
2027	73,050	902	480	317	171
2028	73,050	942	479	332	171
2029	73,050	975	474	343	169
2030	73,050	1,004	468	352	166
2031	73,050	1,030	462	361	164
2032	73,050	1,054	457	368	161
2033	73,050	1,075	454	374	159
2034	73,050	1,093	451	380	157
2035	73,050	1,107	449	385	156
2036	73,050	1,117	447	389	155
2037	73,050	1,124	445	392	155
2038	73,050	1,129	444	394	154
2039	73,050	1,131	444	396	154
2040	73,050	1,132	443	397	154
2041	73,050	1,131	444	397	154
2042	73,050	1,130	444	397	155
2043	73,050	1,128	445	397	155

Masonicare
Open Group Projection

Fiscal Year Ending 12/31	Average Age of Members at the End of the Year							
	At Home Residence		Assisted Living Unit		Direct Admit Members		Skilled Nursing Facility	
			Contract Members				Contract Members	
	Males	Females	Males	Females	Males	Females	Males	Females
2014	78.99	76.69	80.33	77.31	N/A	N/A	80.31	77.42
2015	79.52	77.24	81.12	78.13	N/A	N/A	80.98	78.53
2016	80.00	77.75	81.79	78.70	N/A	N/A	81.55	79.45
2017	80.45	78.23	82.40	79.23	N/A	N/A	82.29	80.19
2018	80.86	78.70	82.93	79.72	N/A	N/A	82.85	80.79
2019	81.26	79.14	83.42	80.19	N/A	N/A	83.37	81.23
2020	81.63	79.57	83.88	80.68	N/A	N/A	83.87	81.64
2021	81.98	79.98	84.33	81.30	N/A	N/A	84.37	81.90
2022	82.31	80.38	84.76	81.89	N/A	N/A	84.85	82.31
2023	82.61	80.76	85.17	82.47	N/A	N/A	85.30	82.76
2024	82.99	81.20	85.58	83.04	N/A	N/A	85.73	83.23
2025	83.46	81.75	86.01	83.62	N/A	N/A	86.16	83.72
2026	83.85	82.22	86.48	84.24	N/A	N/A	86.62	84.23
2027	84.17	82.63	86.94	84.85	N/A	N/A	87.10	84.77
2028	84.43	82.99	87.37	85.46	N/A	N/A	87.58	85.31
2029	84.62	83.28	87.76	86.04	N/A	N/A	88.02	85.85
2030	84.76	83.53	88.09	86.58	N/A	N/A	88.40	86.35
2031	84.85	83.73	88.37	87.05	N/A	N/A	88.72	86.85
2032	84.91	83.88	88.61	87.44	N/A	N/A	88.98	87.31
2033	84.93	83.99	88.80	87.78	N/A	N/A	89.18	87.72
2034	84.93	84.07	88.95	88.09	N/A	N/A	89.34	88.06
2035	84.92	84.13	89.06	88.35	N/A	N/A	89.47	88.35
2036	84.89	84.16	89.13	88.58	N/A	N/A	89.56	88.60
2037	84.87	84.17	89.18	88.76	N/A	N/A	89.62	88.79
2038	84.84	84.17	89.20	88.91	N/A	N/A	89.66	88.95
2039	84.82	84.16	89.20	89.03	N/A	N/A	89.68	89.08
2040	84.80	84.14	89.19	89.11	N/A	N/A	89.67	89.17
2041	84.79	84.13	89.18	89.17	N/A	N/A	89.66	89.23
2042	84.78	84.11	89.15	89.20	N/A	N/A	89.64	89.27
2043	84.79	84.10	89.13	89.21	N/A	N/A	89.62	89.29

Masonicare
Open Group Projection

Fiscal Year Ending 12/31	Summary of the At Home Residence Population Movements						
	Beginning Number of Members	New Members	Deaths	With- drawals	Permanent Transfers to Assisted Living Unit	Permanent Transfers to Skilled Nursing Facility	Ending Number of Permanent Members
2014	0.0	31.0	0.2	0.0	0.0	0.0	30.7
2015	30.7	24.0	0.7	0.1	0.1	0.0	53.7
2016	53.7	24.0	1.4	0.2	0.3	0.0	75.7
2017	75.7	24.0	2.3	0.4	0.5	0.1	96.5
2018	96.5	24.0	3.3	0.5	0.7	0.1	115.9
2019	115.9	24.0	4.3	0.6	0.9	0.1	134.1
2020	134.1	24.0	5.3	0.7	1.1	0.1	150.8
2021	150.8	24.0	6.4	0.8	1.3	0.2	166.3
2022	166.3	24.0	7.4	0.9	1.5	0.2	180.3
2023	180.3	24.0	8.4	1.0	1.7	0.2	193.1
2024	193.1	19.4	9.4	1.0	1.8	0.3	200.0
2025	200.0	13.6	10.2	1.1	2.0	0.3	200.0
2026	200.0	14.4	10.9	1.1	2.2	0.3	200.0
2027	200.0	15.2	11.5	1.1	2.3	0.3	200.0
2028	200.0	15.8	12.0	1.1	2.4	0.3	200.0
2029	200.0	16.3	12.4	1.1	2.4	0.3	200.0
2030	200.0	16.7	12.8	1.1	2.5	0.3	200.0
2031	200.0	17.1	13.1	1.1	2.6	0.3	200.0
2032	200.0	17.4	13.3	1.1	2.6	0.4	200.0
2033	200.0	17.7	13.5	1.1	2.7	0.4	200.0
2034	200.0	17.8	13.7	1.1	2.7	0.4	200.0
2035	200.0	18.0	13.8	1.1	2.7	0.4	200.0
2036	200.0	18.1	13.9	1.1	2.7	0.4	200.0
2037	200.0	18.2	14.0	1.1	2.8	0.4	200.0
2038	200.0	18.2	14.0	1.1	2.8	0.4	200.0
2039	200.0	18.2	14.0	1.1	2.8	0.4	200.0
2040	200.0	18.2	14.0	1.1	2.8	0.4	200.0
2041	200.0	18.2	14.0	1.1	2.8	0.4	200.0
2042	200.0	18.1	13.9	1.1	2.7	0.4	200.0
2043	200.0	18.1	13.9	1.1	2.7	0.4	200.0

Masonicare
Open Group Projection

Fiscal Year Ending 12/31	Summary of the Contract Assisted Living Unit Population Movements				
	Beginning Number of Members	Permanent Transfers from At Home	Deaths	Permanent Transfers to Skilled Nursing Facility	Ending Number of Permanent Members
2014	0.0	0.0	0.0	0.0	0.0
2015	0.0	0.1	0.0	0.0	0.1
2016	0.1	0.3	0.1	0.0	0.3
2017	0.3	0.5	0.2	0.1	0.5
2018	0.5	0.7	0.3	0.1	0.8
2019	0.8	0.9	0.4	0.2	1.0
2020	1.0	1.1	0.6	0.2	1.2
2021	1.2	1.3	0.7	0.3	1.5
2022	1.5	1.5	0.9	0.4	1.7
2023	1.7	1.7	1.0	0.4	1.9
2024	1.9	1.8	1.2	0.5	2.1
2025	2.1	2.0	1.3	0.5	2.3
2026	2.3	2.2	1.4	0.6	2.4
2027	2.4	2.3	1.5	0.6	2.5
2028	2.5	2.4	1.6	0.6	2.6
2029	2.6	2.4	1.7	0.7	2.7
2030	2.7	2.5	1.7	0.7	2.8
2031	2.8	2.6	1.8	0.7	2.9
2032	2.9	2.6	1.8	0.7	2.9
2033	2.9	2.7	1.9	0.7	3.0
2034	3.0	2.7	1.9	0.8	3.0
2035	3.0	2.7	1.9	0.8	3.0
2036	3.0	2.7	1.9	0.8	3.1
2037	3.1	2.8	2.0	0.8	3.1
2038	3.1	2.8	2.0	0.8	3.1
2039	3.1	2.8	2.0	0.8	3.1
2040	3.1	2.8	2.0	0.8	3.1
2041	3.1	2.8	2.0	0.8	3.1
2042	3.1	2.7	2.0	0.8	3.1
2043	3.1	2.7	2.0	0.8	3.1

Masonicare
Open Group Projection

Fiscal Year Ending 12/31	Summary of the Contract Skilled Nursing Facility Population Movements				
	Beginning Number of Members	Permanent Transfers from At Home	Permanent Transfers from Assisted Living	Deaths	Ending Number of Permanent Members
2014	0.0	0.0	0.0	0.0	0.0
2015	0.0	0.0	0.0	0.0	0.0
2016	0.0	0.0	0.0	0.0	0.1
2017	0.1	0.1	0.1	0.1	0.1
2018	0.1	0.1	0.1	0.1	0.2
2019	0.2	0.1	0.2	0.2	0.3
2020	0.3	0.1	0.2	0.3	0.4
2021	0.4	0.2	0.3	0.4	0.5
2022	0.5	0.2	0.4	0.5	0.6
2023	0.6	0.2	0.4	0.6	0.6
2024	0.6	0.3	0.5	0.6	0.7
2025	0.7	0.3	0.5	0.7	0.8
2026	0.8	0.3	0.6	0.8	0.8
2027	0.8	0.3	0.6	0.9	0.9
2028	0.9	0.3	0.6	0.9	0.9
2029	0.9	0.3	0.7	1.0	1.0
2030	1.0	0.3	0.7	1.0	1.0
2031	1.0	0.3	0.7	1.0	1.0
2032	1.0	0.4	0.7	1.1	1.0
2033	1.0	0.4	0.7	1.1	1.0
2034	1.0	0.4	0.8	1.1	1.0
2035	1.0	0.4	0.8	1.1	1.1
2036	1.1	0.4	0.8	1.1	1.1
2037	1.1	0.4	0.8	1.1	1.1
2038	1.1	0.4	0.8	1.2	1.1
2039	1.1	0.4	0.8	1.2	1.1
2040	1.1	0.4	0.8	1.2	1.1
2041	1.1	0.4	0.8	1.2	1.1
2042	1.1	0.4	0.8	1.2	1.1
2043	1.1	0.4	0.8	1.2	1.1

EXHIBIT D

MEMBERSHIP FEES/PERIODIC CHARGES

PAYMENT OF A MEMBERSHIP FEE OR OTHER TRANSFER OF ASSETS PURSUANT TO A CONTINUING CARE CONTRACT MAY HAVE SIGNIFICANT TAX CONSEQUENCES. ANY PERSON CONSIDERING SUCH PAYMENT OR TRANSFER MAY WISH TO CONSULT A QUALIFIED ADVISOR.

MEMBERSHIP FEE

	Initial Fee	Monthly Fee		2 members – Initial Fee	Monthly Fee
Option A	\$15,000	\$ 200	Option A	\$20,000	\$ 300
Option B	\$10,000	\$ 275	Option B	\$13,500	\$ 400
Option C	0	\$ 400	Option C	\$0	\$ 600

ADD-ON PLANS - MONTHLY FEES

Option A		Single Member	2 Members
	Bronze	\$350	\$475
	Silver	\$600	\$750
	Gold	\$700	\$900

Option B		Single Member	2 Members
	Bronze	\$450	\$575
	Silver	\$725	\$875
	Gold	\$800	\$1100

Option C		Single Member	2 Members
	Bronze	\$600	\$850
	Silver	\$850	\$1300
	Gold	\$1000	\$1450